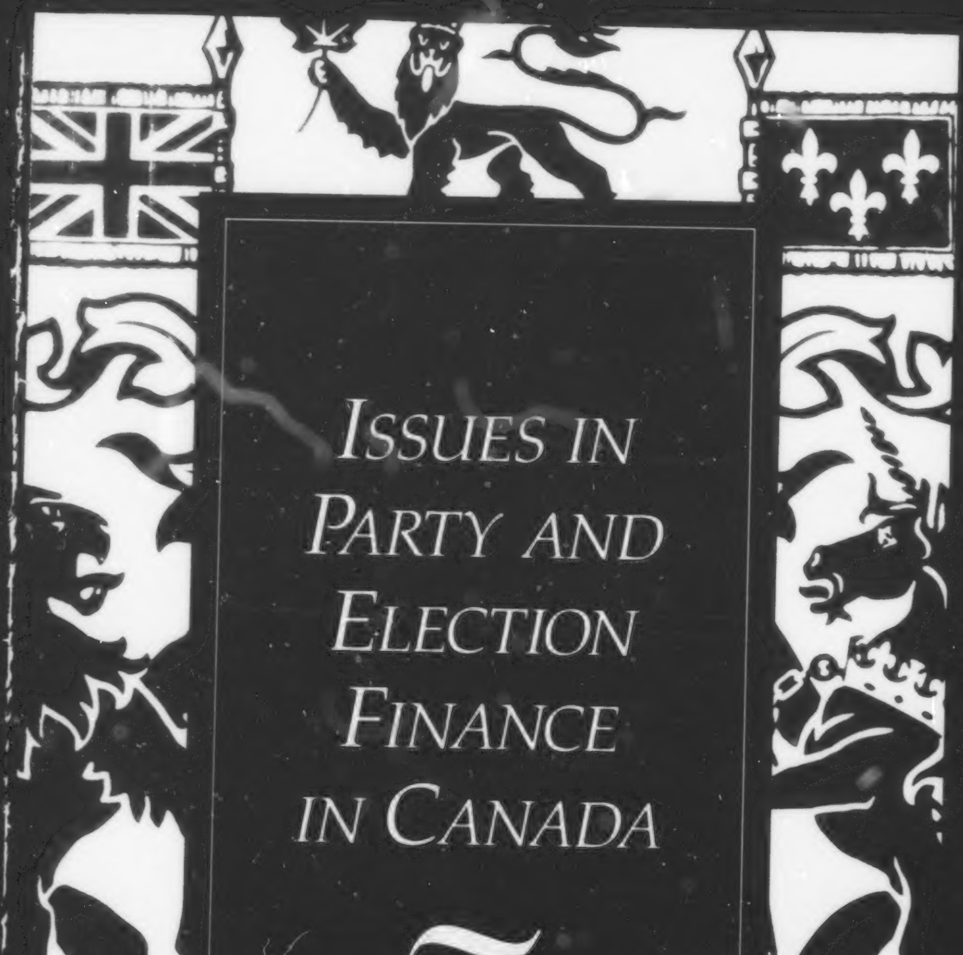

ISSUES IN PARTY AND ELECTION FINANCE IN CANADA

F. Leslie Seidle
Editor

VOLUME 5

RESEARCH STUDIES

ISSUES IN PARTY AND ELECTION FINANCE IN CANADA

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This is Volume 5 in a series of studies commissioned as part of the research program of the Royal Commission on Electoral Reform and Party Financing

ISSUES IN PARTY AND ELECTION FINANCE IN CANADA

F. Leslie Seidle
Editor

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FOREWORD

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THE ROYAL COMMISSION on Electoral Reform and Party Financing was established in November 1989. Our mandate was to inquire into and report on the appropriate principles and process that should govern the election of members of the House of Commons and the financing of political parties and candidates' campaigns. To conduct such a comprehensive examination of Canada's electoral system, we held extensive public consultations and developed a research program designed to ensure that our recommendations would be guided by an independent foundation of empirical inquiry and analysis.

The Commission's in-depth review of the electoral system was the first of its kind in Canada's history of electoral democracy. It was dictated largely by the major constitutional, social and technological changes of the past several decades, which have transformed Canadian society, and their concomitant influence on Canadians' expectations of the political process itself. In particular, the adoption in 1982 of the *Canadian Charter of Rights and Freedoms* has heightened Canadians' awareness of their democratic and political rights and of the way they are served by the electoral system.

The importance of electoral reform cannot be overemphasized. As the Commission's work proceeded, Canadians became increasingly preoccupied with constitutional issues that have the potential to change the nature of Confederation. No matter what their beliefs or political allegiances in this continuing debate, Canadians agree that constitutional change must be achieved in the context of fair and democratic processes. We cannot complacently assume that our current electoral process will always meet this standard or that it leaves no room for improvement. Parliament and the national government must be seen as legitimate; electoral reform can both enhance the stature of national political institutions and reinforce their ability to define the future of our country in ways that command Canadians' respect and confidence and promote the national interest.

In carrying out our mandate, we remained mindful of the importance of protecting our democratic heritage, while at the same time balancing it against the emerging values that are injecting a new dynamic into the electoral system. If our system is to reflect the realities of Canadian political life, then reform requires more than mere tinkering with electoral laws and practices.

Our broad mandate challenged us to explore a full range of options. We commissioned more than 100 research studies, to be published in a 23-volume collection. In the belief that our electoral laws must measure up to the very best contemporary practice, we examined election-related laws and processes in all of our provinces and territories and studied comparable legislation and processes in established democracies around the world. This unprecedented array of empirical study and expert opinion made a vital contribution to our deliberations. We made every effort to ensure that the research was both intellectually rigorous and of practical value. All studies were subjected to peer review, and many of the authors discussed their preliminary findings with members of the political and academic communities at national symposiums on major aspects of the electoral system.

The Commission placed the research program under the able and inspired direction of Dr. Peter Aucoin, Professor of Political Science and Public Administration at Dalhousie University. We are confident that the efforts of Dr. Aucoin, together with those of the research coordinators and scholars whose work appears in this and other volumes, will continue to be of value to historians, political scientists, parliamentarians and policy makers, as well as to thoughtful Canadians and the international community.

Along with the other Commissioners, I extend my sincere gratitude to the entire Commission staff for their dedication and commitment. I also wish to thank the many people who participated in our symposiums for their valuable contributions, as well as the members of the research and practitioners' advisory groups whose counsel significantly aided our undertaking.

Pierre Lortie
Chairman

INTRODUCTION

THE ROYAL COMMISSION'S research program constituted a comprehensive and detailed examination of the Canadian electoral process. The scope of the research, undertaken to assist Commissioners in their deliberations, was dictated by the broad mandate given to the Commission.

The objective of the research program was to provide Commissioners with a full account of the factors that have shaped our electoral democracy. This dictated, first and foremost, a focus on federal electoral law, but our inquiries also extended to the Canadian constitution, including the institutions of parliamentary government, the practices of political parties, the mass media and nonpartisan political organizations, as well as the decision-making role of the courts with respect to the constitutional rights of citizens. Throughout, our research sought to introduce a historical perspective in order to place the contemporary experience within the Canadian political tradition.

We recognized that neither our consideration of the factors shaping Canadian electoral democracy nor our assessment of reform proposals would be as complete as necessary if we failed to examine the experiences of Canadian provinces and territories and of other democracies. Our research program thus emphasized comparative dimensions in relation to the major subjects of inquiry.

Our research program involved, in addition to the work of the Commission's research coordinators, analysts and support staff, over 200 specialists from 28 universities in Canada, from the private sector and, in a number of cases, from abroad. Specialists in political science constituted the majority of our researchers, but specialists in law, economics, management, computer sciences, ethics, sociology and communications, among other disciplines, were also involved.

In addition to the preparation of research studies for the Commission, our research program included a series of research seminars, symposiums and workshops. These meetings brought together the Commissioners, researchers, representatives from the political parties, media personnel and others with practical experience in political parties, electoral politics and public affairs. These meetings provided not only a forum for discussion of the various subjects of the Commission's mandate, but also an opportunity for our research to be assessed by those with an intimate knowledge of the world of political practice.

These public reviews of our research were complemented by internal and external assessments of each research report by persons qualified in the area; such assessments were completed prior to our decision to publish any study in the series of research volumes.

The Research Branch of the Commission was divided into several areas, with the individual research projects in each area assigned to the research coordinators as follows:

F. Leslie Seidle	Political Party and Election Finance
Herman Bakvis	Political Parties
Kathy Megyery	Women, Ethno-cultural Groups and Youth
David Small	Redistribution; Electoral Boundaries; Voter Registration
Janet Hiebert	Party Ethics
Michael Cassidy	Democratic Rights; Election Administration
Robert A. Milen	Aboriginal Electoral Participation and Representation
Frederick J. Fletcher	Mass Media and Broadcasting in Elections
David Mac Donald (Assistant Research Coordinator)	Direct Democracy

These coordinators identified appropriate specialists to undertake research, managed the projects and prepared them for publication. They also organized the seminars, symposiums and workshops in their research areas and were responsible for preparing presentations and briefings to help the Commission in its deliberations and decision making. Finally, they participated in drafting the Final Report of the Commission.

On behalf of the Commission, I welcome the opportunity to thank the following for their generous assistance in producing these research studies – a project that required the talents of many individuals.

In performing their duties, the research coordinators made a notable contribution to the work of the Commission. Despite the pressures of tight deadlines, they worked with unfailing good humour and the utmost congeniality. I thank all of them for their consistent support and cooperation.

In particular, I wish to express my gratitude to Leslie Seidle, senior research coordinator, who supervised our research analysts and support staff in Ottawa. His diligence, commitment and professionalism not only set high standards, but also proved contagious. I am grateful to Kathy Megyery, who performed a similar function in Montreal with equal aplomb and skill. Her enthusiasm and dedication inspired us all.

On behalf of the research coordinators and myself, I wish to thank our research analysts: Daniel Arsenault, Eric Bertram, Cécile Boucher, Peter Constantinou, Yves Denoncourt, David Docherty, Luc Dumont, Jane Dunlop, Scott Evans, Véronique Garneau, Keith Heintzman, Paul Holmes, Hugh Mellon, Cheryl D. Mitchell, Donald Padget, Alain Pelletier, Dominique Tremblay and Lisa Young. The Research Branch was strengthened by their ability to carry out research in a wide variety of areas, their intellectual curiosity and their team spirit.

The work of the research coordinators and analysts was greatly facilitated by the professional skills and invaluable cooperation of Research Branch staff members: Paulette LeBlanc, who, as administrative assistant, managed the flow of research projects; Hélène Leroux, secretary to the research coordinators, who produced briefing material for the Commissioners and who, with Lori Nazar, assumed responsibility for monitoring the progress of research projects in the latter stages of our work; Kathleen McBride and her assistant Natalie Brose, who created and maintained the database of briefs and hearings transcripts; and Richard Herold and his assistant Susan Dancause, who were responsible for our research library. Jacinthe Séguin and Cathy Tucker also deserve thanks – in addition to their duties as receptionists, they assisted in a variety of ways to help us meet deadlines.

We were extremely fortunate to obtain the research services of first-class specialists from the academic and private sectors. Their contributions are found in this and the other 22 published research volumes. We thank them for the quality of their work and for their willingness to contribute and to meet our tight deadlines.

Our research program also benefited from the counsel of Jean-Marc Hamel, Special Adviser to the Chairman of the Commission and former

Chief Electoral Officer of Canada, whose knowledge and experience proved invaluable.

In addition, numerous specialists assessed our research studies. Their assessments not only improved the quality of our published studies, but also provided us with much-needed advice on many issues. In particular, we wish to single out professors Donald Blake, Janine Brodie, Alan Cairns, Kenneth Carty, John Courtney, Peter Desbarats, Jane Jenson, Richard Johnston, Vincent Lemieux, Terry Morley and Joseph Wearing, as well as Ms. Beth Symes.

Producing such a large number of studies in less than a year requires a mastery of the skills and logistics of publishing. We were fortunate to be able to count on the Commission's Director of Communications, Richard Rochefort, and Assistant Director, Hélène Papineau. They were ably supported by the Communications staff: Patricia Burden, Louise Dagenais, Caroline Field, Claudine Labelle, France Langlois, Lorraine Maheux, Ruth McVeigh, Chantal Morissette, Sylvie Patry, Jacques Poitras and Claudette Rouleau-O'Toole.

To bring the project to fruition, the Commission also called on specialized contractors. We are deeply grateful for the services of Ann McCoomb (references and fact checking); Marthe Lemery, Pierre Chagnon and the staff of Communications Com'ça (French quality control); Norman Bloom, Pamela Riseborough and associates of B&B Editorial Consulting (English adaptation and quality control); and Mado Reid (French production). Al Albania and his staff at Acart Graphics designed the studies and produced some 2 400 tables and figures.

The Commission's research reports constitute Canada's largest publishing project of 1991. Successful completion of the project required close cooperation between the public and private sectors. In the public sector, we especially acknowledge the excellent service of the Privy Council unit of the Translation Bureau, Department of the Secretary of State of Canada, under the direction of Michel Parent, and our contacts Ruth Steele and Terry Denovan of the Canada Communication Group, Department of Supply and Services.

The Commission's co-publisher for the research studies was Dundurn Press of Toronto, whose exceptional service is gratefully acknowledged. Wilson & Lafleur of Montreal, working with the Centre de Documentation Juridique du Québec, did equally admirable work in preparing the French version of the studies.

Teams of editors, copy editors and proofreaders worked diligently under stringent deadlines with the Commission and the publishers to prepare some 20 000 pages of manuscript for design, typesetting and printing. The work of these individuals, whose names are listed elsewhere in this volume, was greatly appreciated.

Our acknowledgements extend to the contributions of the Commission's Executive Director, Guy Goulard, and the administration and executive support teams: Maurice Lacasse, Denis Lafrance and Steve Tremblay (finance); Thérèse Lacasse and Mary Guy-Shea (personnel); Cécile Desforges (assistant to the Executive Director); Marie Dionne (administration); Anna Bevilacqua (records); and support staff members Michelle Bélanger, Roch Langlois, Michel Lauzon, Jean Mathieu, David McKay and Pierrette McMurtie, as well as Denise Miquelon and Christiane Séguin of the Montreal office.

A special debt of gratitude is owed to Marlène Girard, assistant to the Chairman. Her ability to supervise the logistics of the Commission's work amid the tight schedules of the Chairman and Commissioners contributed greatly to the completion of our task.

I also wish to express my deep gratitude to my own secretary, Liette Simard. Her superb administrative skills and great patience brought much-appreciated order to my penchant for the chaotic workstyle of academe. She also assumed responsibility for the administrative coordination of revisions to the final drafts of volumes 1 and 2 of the Commission's Final Report. I owe much to her efforts and assistance.

Finally, on behalf of the research coordinators and myself, I wish to thank the Chairman, Pierre Lortie, the members of the Commission, Pierre Fortier, Robert Gabor, William Knight and Lucie Pépin, and former members Elwood Cowley and Senator Donald Oliver. We are honoured to have worked with such an eminent and thoughtful group of Canadians, and we have benefited immensely from their knowledge and experience. In particular, we wish to acknowledge the creativity, intellectual rigour and energy our Chairman brought to our task. His unparalleled capacity to challenge, to bring out the best in us, was indeed inspiring.

Peter Aucoin
Director of Research

PREFACE

TWENTY-FIVE YEARS AGO, following a review of the costs of election campaigns, the pattern of party finance and related issues, the Committee on Election Expenses (Barbeau Committee) issued its report. The Committee's conclusions provided the basis for the 1974 *Election Expenses Act*, which led to what was then considered Canada's most comprehensive regulatory framework for party and election finance. The main elements of the 1974 reforms were: limits on the election expenses of registered political parties and candidates; disclosure of parties' and candidates' revenue and spending; and public funding through post-election reimbursements to parties and candidates, as well as an income tax credit for contributions to either.

While amendments in 1977 and 1983 did not alter the main lines of the federal regulatory framework, developments during the past 15 years or so have led to calls for an assessment of its operation and effects. Some have asked whether the objectives on which the 1974 legislation was based are still being met – or, indeed, remain valid. A number of factors account for this, among them changes in party and campaign management techniques, the implications of the adoption of the *Canadian Charter of Rights and Freedoms* in 1982, the role of interest groups in elections and developments in the regulation of political finance at the provincial level.

The Royal Commission on Electoral Reform and Party Financing was mandated to consider, among other issues, "the appropriate principles and process that should govern ... the financing of political parties and of candidates' campaigns, including ... the means by which political parties should be funded, the provision of funds to political parties from any source, the limits on such funding and the uses to which such funds ought, or ought not, to be put." To assist it in carrying out these aspects of its mandate, an extensive series of research studies on party and election finance was undertaken by members of the academic profession, consultants and research analysts employed by the Commission. The principal studies are published in this volume and the four others in this research area.

The research projects in the party and election finance area were intended to assist the Commission in taking decisions on a number of issues at the heart of its mandate. In this regard, the studies in these five volumes are relevant to three of the six objectives of electoral reform referred to in Volume 1, Chapter 1 of the Final Report: promoting fairness in the electoral process; strengthening the parties as primary political organizations; and enhancing public confidence in the integrity of the electoral process. These studies canvass issues relevant to these objectives, draw on comparative experience (both within Canada and elsewhere) and discuss possible reforms. In so doing, they address fundamental questions such as: how to circumscribe the influence of money in politics; how to encourage greater participation in the financing of parties and candidates and in the electoral process, including the nomination stage; how to ensure a high degree of transparency in relation to political finance; and whether and in what ways public funding should be part of the system.

This volume includes nine research studies on a range of issues relevant to party and election finance and its regulation. In a number of cases, the authors embarked for completely uncharted waters; in others, previous research on the topic was either sketchy or required updating. These studies thus represent an original contribution and one that assisted the Commission in its consideration of a number of important matters in this area.

Lisa Young's study, "Toward Transparency: An Evaluation of Disclosure Arrangements in Canadian Political Finance," is guided by the principle that information about political finance must be both available and accessible if the objective of full transparency is to be achieved. She assesses the requirements introduced at the federal level in 1974 and compares their scope and effectiveness to analogous provisions at the provincial level and in the United States. Ms Young outlines a number of reforms, including requiring the disclosure of a greater amount of information about political contributions, more timely reporting and administrative improvements to allow greater accessibility to this information.

Michael Krashinsky and William Milne provide an update on earlier published work in their research study "Some Evidence on the Effects of Incumbency in the 1988 Canadian Federal Election." Using a random coefficients model in regression analysis, they observe that incumbency effects in 1988 were no higher than those in previous elections, except for the Liberals, for whom incumbency was worth about 12 percentage points in popular vote (compared to about 4 percentage points for the Progressive Conservatives and the New Democratic Party). The authors discuss why the incumbency advantage has not grown in a significant way in Canada as it has in the United States (where the issue figures in the debate about the desirability of election spending limits).

The study "Official Agents in Canadian Elections" by Kenneth Carty is based on the author's survey of official agents who served at the time of the 1988 federal election. Professor Carty provides data on, among other things, the background of official agents and the extent to which they had had previous experience and attended training sessions. He favours increased training by Elections Canada to ensure agents in all parties meet the same standards, in particular making a special effort in relation to the agents of women candidates.

In "Electoral Competition, Campaign Expenditure and Incumbency Advantage" Keith Heintzman uses micro- and macro-level data in regression analysis to compare the electoral advantages of incumbents with the competitiveness of election campaigns in the context of partisanship and other influences on constituency elections. One of his findings is that, while incumbents retain an electoral benefit, this advantage may be offset by the extent to which candidates contact the electorate during campaigns and the proportion of the election expenditure limit they spend. Mr. Heintzman concludes that, unlike findings in the United States, the incumbency advantage is not sufficient to compromise the competitiveness of elections at the constituency level in Canada.

Thomas Axworthy examines the significance of a number of important developments 'south of the border' in "Capital-Intensive Politics." He traces the evolution of political parties and campaign techniques in the two countries and, in each case, assesses the practice of campaign politics against the value of fairness in elections. Dr. Axworthy's thesis is that the present age is one of capital-intensive politics: the power of money, reflected in the use of modern campaign technology, has acquired special significance. He argues that to achieve fairness the influence of capital-intensive politics should be reduced and proposes several major recommendations to that effect.

In his study, "Public Funding of Political Parties, Candidates and Elections in Canada," Peter Constantinou reviews the present provisions for direct and indirect public funding of the political process at the federal level and in each province and territory. He assesses the complete cost of these public funding programs, as well as the cost of administering federal, provincial and territorial elections. Based on this comparative assessment, he concludes that, in both cases, federal public funding is neither the most nor the least generous but is at about the median.

In "Independent Candidates in Federal General Elections" Eric Bertram assesses the fairness of the present federal election finance provisions from the perspective of the independent candidate. He focuses in particular on the reimbursement to candidates, and favours greater access to this form of public funding and distribution of the benefits primarily on the basis of electoral support. In Mr. Bertram's view, reforms along these lines would enhance fairness and strengthen the legitimacy of the electoral process.

Donald Padget examines the financing of federal candidates' campaigns in his study "Large Contributions to Candidates in the 1988 Federal Election and the Issue of Undue Influence." He provides comprehensive data on the profile of recipients and donors of large contributions and the significance of such contributions to candidates' campaigns. Mr. Padget finds that, while some candidates raise substantial amounts from large contributions, most candidates do not have to depend on such contributions; he concludes that the risk of candidates being influenced out of financial necessity by large donations appears low. The final section of the study examines the potential impact of contribution limits on the financing of candidates' election campaigns.

In their study, "Economic Analysis of the Funding of Political Parties in Canada," Pascale Michaud and Pierre Laferrière of Groupe Sécor in Montreal examine a number of issues in Canadian political finance from an economic perspective. Among their findings are that restrictions on the size and source of contributions would have a significant impact on the financing of political parties and that the latter could find it very difficult to compensate for the loss of funds. On the basis of focus group research and simulations, they suggest that intangible sociopolitical, rather than economic benefits, may account for a citizen's decision to support the political process financially; the authors thus question the degree to which an increase in the scale of the political contribution tax credit would encourage individuals to augment their political contributions.

The Commission owes a considerable debt of gratitude to the researchers who agreed to undertake the studies in this area. Through their dedication and professionalism, their responsiveness to the Commission's priorities and their cooperation in meeting deadlines, all those whose work appears in these volumes have contributed greatly to the research program. The five Commission research analysts whose studies appear in this volume merit special mention. Ms Young and Messrs Heintzman, Constantinou, Padget and Bertram all devoted considerable time to their research studies. Their responsibilities at the Commission were considerably broader, however, and on more than one occasion other priorities meant that the research study had to be put to one side for a time. I commend them on the publications that appear here and thank each of them most warmly for the excellent support they provided during their time in the Research Branch.

A number of the researchers presented their findings at Commission seminars and/or meetings. We valued their participation on these occasions, as well as their willingness to respond to a range of questions and requests for information, particularly during the period when the Commission's Final Report was being prepared. I would also like to express my personal gratitude to Peter Aucoin, whose suggestions and counsel helped in so many ways as these research studies were planned, discussed and carried forward for publication.

The Commission's publication program reflects the central role research played in the work of the Royal Commission on Electoral Reform and Party Financing. It is hoped these studies will illuminate debate on the Commission's recommendations and, in so doing, help chart the way to a modern and responsive regulatory framework for party and election finance that will bolster electoral democracy in Canada.

F. Leslie Seidle
Senior Research Coordinator

ISSUES IN PARTY AND ELECTION FINANCE IN CANADA

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TOWARD TRANSPARENCY
An Evaluation of Disclosure Arrangements in Canadian Political Finance

Lisa Young

> *It is in the best interests of the public to know what are the influences behind the parties that control the destiny of the country.*
> [translation][1]

INTRODUCTION

DISCLOSURE OF PARTY and candidate finance information is essential to an open political system. Although the 1974 reforms to the regulation of Canadian political finance have contributed to lifting the cloud of secrecy surrounding the subject, there is considerable potential for greater transparency and openness in Canadian political finance. The purpose of this study is to review and evaluate disclosure provisions, to compare their scope and effectiveness with analogous provisions in comparable countries and provinces, and to evaluate possible reforms. These provisions will be considered not only from the perspective of the *Canada Elections Act* (which sets out what must be disclosed and when), but also from the perspective of administrative practice (which can determine the format and presentation of the disclosed information). The principle that guides this inquiry is that it is insufficient that candidate and party finance information be available to the public. Rather, this information must be both available and accessible if the objective of full transparency is to be achieved.

In its 1966 report, the Barbeau Committee on Election Expenses (Canada, Committee 1966a) advocated making disclosure provisions more comprehensive than the limited and unenforceable requirements for candidates' spending that were then in place, and it cited four arguments in support of its proposals. Although not all of the Barbeau Committee recommendations on disclosure were adopted,[2] and those that were adopted were not enacted until 1974, these arguments have informed discussions of disclosure provisions in Canada since the release of the Barbeau Report. The Barbeau Committee's rationale for disclosure regulations can be expressed in four distinct arguments: the argument from administrative necessity, the argument from the public's right to know, the argument from transparency, and the argument from public confidence.

Disclosure requirements are an administrative necessity if there is to be effective regulation of expenditures and/or contributions. Essentially, full disclosure is the only way to ensure compliance with regulations. Administrative necessity for enforcing expenditure limits was certainly a consideration in the Barbeau Committee's recommendation for more comprehensive disclosure provisions. Within the current legal and regulatory regime in Canada, moreover, disclosure provisions make possible the enforcement of expenditure limits and are crucial to calculating public funding both for political parties and for candidates.

The Barbeau Committee report also maintained that the public was entitled to disclosure of financial information. Its report argued that where public moneys were spent to support political parties and candidates, the public should be able to determine how the funds were spent and whether they were needed (Canada, Committee 1966a, 114). Like the argument from administrative necessity, this rationale for disclosure is relevant only if public funds are available to parties or candidates. Under the current provisions of the *Canada Elections Act*, political parties and candidates receive direct public funding in the form of reimbursement of election expenses, and both the parties and the candidates are required to disclose their contributions and expenditures. Local associations and, more recently, certain party leadership campaigns have benefited indirectly from the tax credit provided to individuals who make contributions to a political party. There is currently no legal requirement for disclosure of leadership campaign finances or the finances of local associations.

The argument from transparency lies at the heart of the rationale for disclosure provisions and was, of course, cited by Barbeau (Canada, Committee 1966a, 113–14). The logic of this argument is straightforward: by making information public about the source of contributions, it is expected that the influence of large donors on politicians will diminish. If contributions are public knowledge, voters can decide for themselves whether a candidate is beholden to certain contributors (Wilcox 1989, 1). Moreover, the public (through the media) is able to determine whether politicians or governments are making policy or contract decisions that favour large contributors. Additionally, because transactions are open to scrutiny, disclosure is expected to check abuse of the system and to curb the entry of "tainted" money. Disclosure of expenditures is also expected to restrain campaign spending, as fear of punishment at the ballot box will discourage candidates from spending more than the public considers reasonable (Canada, Committee 1966a, 114).

Less common in the literature, but given considerable attention by the Barbeau Report, is the argument of public confidence. This rationale for implementing disclosure provisions presumes that disclosure of contributions will increase public confidence by removing the mystique surrounding political finance, and that disclosure of expenditures will increase public understanding of the nature, and thus the necessity, of political expenditures. The Barbeau Report gave this argument considerable prominence, recommending that "public confidence in political financing should be strengthened, by requiring candidates and parties to disclose their incomes and expenditures" (Canada, Committee 1966a, 37).

DISCLOSURE OF CONTRIBUTIONS AND EXPENSES

Before considering possible reforms to Canadian disclosure provisions, it is important to examine the existing provisions in Canada at the federal level. To place these provisions in comparative perspective, disclosure provisions in Canadian provinces and in other Anglo-American jurisdictions will be examined.

Canada

The 1974 amendments to the *Canada Elections Act* marked the first attempt at requiring comprehensive disclosure of political finance information. Prior to the 1974 amendments, disclosure provisions were decidedly limited in scope and poorly enforced. The 1874 *Dominion Elections Act* had required that candidates provide a detailed statement of election expenses. In 1908, the Act was amended to require that candidates also report contributions. The impact of these regulations was mitigated by the fact that no individual or agency was charged with the responsibility of enforcing them.

The *Canada Elections Act* of 1960 required that candidates and their official agents file a sworn statement detailing all payments (with bills and receipts), the amount of the candidate's personal expenses, disputed and unpaid claims, and all donations (both cash and in kind) stating contributors, amount and form. The returning officer for the constituency was then required to publish a summary of these returns in a local newspaper. As was the case with the earlier rules, enforcement was a serious problem. After the 1965 general election, for example, 25 percent of candidates did not file the statements required by the Act, and the pattern remained much the same in subsequent elections (Canada, Committee 1966a, 138; Seidle 1980, 263). Moreover, by concentrating on the candidate and ignoring the political parties, the disclosure rules missed an increasing proportion of political donations as campaigns and party activities became more centralized at the national party level.

The requirements for disclosure in the current *Canada Elections Act* are more comprehensive and enforced more rigorously than previous regulations since they are an integral part of the regulation of expenditures and the provision of reimbursements of parties' and candidates' expenses. Section 44(1) of the Act requires that the chief agent of a registered party transmit to the chief electoral officer annually a return of the party's receipts and expenses (other than election expenses) within six months of the end of the fiscal year. The report is submitted in a form prescribed by the chief electoral officer and must include the amount of money and the commercial value of goods and services provided for the use of the party. Contributors are identified as individuals, businesses, commercial organizations, governments, trade unions, corporations without share capital other than trade unions, or unincorporated organizations or associations. The report must also include the name of each contributor and the aggregate amount of her or his contributions during the fiscal period. In addition, the report must include the amount of money spent on the party's operating expenses, including the travel costs of the leader and other party officials, and the total amount spent by or on behalf of the party during the fiscal period (excluding election expenses). The other items required in the report are determined by the chief electoral officer. Section 46(1) of the Act requires that parties file a return of election expenses incurred during a general election, also in a form prescribed by the chief electoral officer. This return must be filed within six months after the election.

Section 228 of the Act requires that a candidate's official agent submit an audited financial report to the returning officer within four months of an election. The report must include all election expenses, the candidate's personal expenses, disputed and unpaid claims, total amount of money and the commercial value of goods and services provided for the use of the candidate by way of loan, advance, deposit, contribution or gift, organized according to category of donor, and the name (or corporate name) of each donor. The Act also requires that the chief electoral officer publish in local newspapers summaries of all the returns and supplementary returns received for each constituency. In addition, returning officers must make returns available for public inspection for six months after their receipt. Subsequently, they are available for inspection in the Ottawa office of Elections Canada. Elections Canada will also provide photocopies of candidates' returns on request.

Elections Canada produces two compilations of disclosed financial information. The first, the *Report of the Chief Electoral Officer Respecting Election Expenses*, is published after every general election. This volume contains statements of revenue and expenditures for all registered political parties for each year since the last election, a summary of election expenditures for each party, and a summary of candidates' returns, including details of revenues and expenditures for all ridings. Although this publication provides information on the categories of donors (as set out in the Act), it does not include any information about the identity of the donors or the size of donations. All of the information contained in this volume is available from National Archives on computer tape or diskette.

More detailed information is found in the annual publication, "Registered Parties' Annual Fiscal Period Returns." This volume contains the audited statements submitted to Elections Canada each year by all registered political parties. The parties provide summaries of donations and expenditures (by category) and an alphabetical list of the names of donors who contributed more than $100 and the amount of their contributions.

Other Jurisdictions

When compared with other countries that have Westminster-style parliamentary systems, Canadian disclosure provisions are fairly rigorous. In the United Kingdom, candidates must disclose their expenditures, which are then published by the Home Office. Neither candidates nor political parties are required to disclose the identity of their contributors or even their total receipts. Companies, however, are required to report contributions of more than £200 in their annual reports (Bertram 1991).

In New Zealand, the electoral law requires candidates to disclose their sources of income. This provision, however, is either ignored or only partially complied with (Ontario, Commission on Election Finances 1988, 152). The New Zealand Royal Commission on the Electoral System recommended that parties be required to file annual reports, listing the name and address of donors who gave an aggregate amount of $250 (NZ dollars) at the local level or $2 500 at the national level. These disclosed records were then to be made available for public inspection (ibid., 153). The Commission also recommended that the Canadian system of official agents be adopted as a means of enforcing regulations requiring disclosure of expenses. These recommendations have not yet led to any changes in the electoral law, however.

In Australia, disclosure requirements are similar to those at the federal level in Canada. Candidates are required to report the name and address of donors who give more than $200 (Australian dollars), electoral expenditures, value of gifts and number of persons who contributed. Parties and Senate groups are required to report the number of contributors, the name and address of donors contributing more than $1 000, and electoral expenditures. Interest groups are required to report expenditures during an election if they exceed $200 (Constantinou 1991).

Some disclosure is required by the electoral acts of all the Canadian provinces. The regulation of political finance in British Columbia, Newfoundland and Nova Scotia involves minimal disclosure, requiring the reporting of expenditures only.[3] In the seven other provinces, contributions to and expenditures by candidates and registered parties must be reported.[4] The threshold for reporting varies from province to province. It is $100 in New Brunswick, Ontario, Quebec and Saskatchewan; $250 in Manitoba and Prince Edward Island; and $375 in Alberta. In all seven provinces where contributions must be reported, summaries of returns are published, either in the provincial *Gazette* or in a publication issued by the province's chief electoral officer.

American political finance is by nature more complex and of a much greater magnitude than its Canadian counterpart. Moreover, the American system (at the federal, state and municipal levels) relies heavily on disclosure of contribution information for enforcement and transparency. The American regulatory regime governing elections for all jurisdictions rests on the implicit assumption (which has been reinforced during judicial review) that the role of the state in regulating the financing of political campaigns should be secondary to the role of an informed electorate. Consequently, it is essential to the integrity of the system that information about campaign financing be available to the public before election day. To achieve this, the American system is designed to make information available in such a manner as to allow voters to use this information in deciding how they will vote.

The importance of disclosure to the regulation of political finance in the United States is reflected in Larry Sabato's observation that "disclosure ... is the single greatest check on the excesses of campaign finance, for it encourages corrective action, whether by the politicians themselves, ... by the judiciary through prosecution in the courts or by the voters at the polls" (1989, 59). As the U.S. Supreme Court noted in its 1975 decision on *Buckley v. Valeo*, disclosure provides the electorate with information that allows voters to make more informed decisions, deters corruption and avoids the appearance of corruption, and facilitates enforcement of contribution limits (1976, 66–68). As a consequence of the magnitude of reported information and the centrality of disclosure to the regulation of political finance in the United States, political finance information is readily available in a variety of forms.

The U.S. *Federal Election Campaign Act* (FECA) established a single federal agency charged with collecting, organizing and disseminating disclosed financial information – the Federal Election Commission (FEC). Although there are serious problems with loopholes in the American legislation (such as "soft money"), it is generally believed that the system captures the majority of federal campaign finance activity (Wilcox 1989, 8).[5] Reports are filed by designated campaign committees for individual candidates, as well as by political action committees (PACs) and party committees.

During nonelection years, candidate committees and PACs must submit two semi-annual reports. During election years, committees must file quarterly reports which are due on set dates and which cover activity through the end of the calendar quarter. A quarterly report is waived if a pre-election report is due during the period within 10 days of the close of the calendar year.[6] In addition to the quarterly reports, candidate committees and PACs must file pre-election reports 12 days before both the primary and the general elections. Committees must also file post–general election reports, due one month after the election, covering activity through the 20th day after the election.

To provide complete information before the election, candidate committees must also file special notices of contributions of $1 000 (U.S. dollars) or more received in the period just before the election. This regulation applies to contributions received after the 20th day but more than 48 hours before an election. Committees must make these reports in writing within 48 hours of receiving the contribution.

All receipts, regardless of their amount, must be itemized. This includes transfers and loans as well as contributions from party committees or other committees. The threshold for reporting contributions from individuals is $200 (annual aggregate). When committees report their itemized receipts, they are required to provide the name of the donor, the donor's address, the donor's occupation and employer (in the case of an individual), the election to which the contribution or loan is attributable (i.e., primary or general), the date of receipt, the amount of receipt and the aggregate year-to-date total of all receipts from the same donor.

All disbursements exceeding $200 (aggregate) must also be itemized and reported. The itemized information required includes the name and address of the payee, and the purpose, date and amount of the disbursement. All loans received by the committee must be itemized and must be continually reported until repaid. Similarly, all debts other than loans (such as unpaid and written contracts or agreements to make expenditures) must be reported until paid.

The disclosed information is filed with the FEC in Washington,[7] as well as at the office of a designated state official in the state where the candidate is running or where the PAC or party committee is making expenditures and has its headquarters.

Once these reports are received by the FEC, they are made available for public inspection on microfilm. In addition, the Office of Public Records distributes summary indices of committee financial activity, detailing receipts and disbursements (Wilcox 1989, 15). The FEC also produces *Reports on Financial Activity* containing summary and detailed information on the financial activity of all committees (both PACs and campaign committees). Information in the *Reports on Financial Activity* is also available to researchers on computer tape. In addition, the disclosed information is entered on the FEC's database.[8]

Since its creation, the FEC has placed considerable emphasis on making the disclosed information readily accessible to the public. The FEC's office is located centrally in Washington, and the records office is in a "storefront" location on the main floor of the building. Staff members are at hand to assist in finding information and using the database. Three computer terminals and printers are available for accessing the FEC's database, and several microfilm readers are also available. Copies of the more recently filed reports are kept in filing cabinets around the room, and users can make photocopies for a nominal cost. During the period just before an election, office hours are extended so that information is accessible on evenings and weekends (Cooper interview).

FEC staff also respond to requests for information received by telephone or mail. The FEC's record on service to the public is admirable:

in 1989 (a nonelection year) the Public Records Office responded to 7 709 requests for campaign finance reports, received 14 235 visitors, answered 16 087 telephone requests for information and provided 68 784 computer printouts (United States, FEC 1989a).

Reporting requirements and disclosure practices at the federal level in the United States have established a pattern for the development of similar requirements at the state and even municipal level. While there are notable variations from state to state, there is considerable consistency in the emphasis placed on disclosure within the regulatory frameworks for electoral finance in the American states. Legislative candidates and/or their committees must file contribution reports in all states except North Dakota, Rhode Island and Vermont. State party committees must file in all states except Arkansas, Nevada, New Hampshire and Texas. Only in Arkansas are PACs not required to file reports. In all but 10 states, candidates and committees must file before the election. In several cases, they are required to file more than once during the pre-election period. The deadlines for pre-election and pre-primary reports vary from state to state, but in most states the final pre-election report is filed 7 to 10 days before the election. Post-election reports are required in virtually all states, with deadlines varying from 7 days after the election in Idaho to 90 days after the election in Florida.

The threshold amount that triggers the reporting of a contribution also varies considerably from state to state. In Michigan all contributions over $20.01 must be reported, while in Nevada only contributions over $500 must be reported. The various agencies where reports are filed have very different workloads: the agencies responsible in New Hampshire, Nevada, North Dakota and Rhode Island indicate that they receive between 101 and 500 reports in a typical election year, and the Vermont agency receives fewer than 100. In Illinois, Texas and Washington State, however, the agencies responsible indicate that they receive more than 10 000 reports in a typical election year. Twenty-two of the states publish and aggregate disclosed information, and eight have computerized their disclosure systems (COGEL 1990). The agencies responsible for regulation of political finance in New Jersey, Washington, Minnesota and California have begun to provide position papers, analyses, policy recommendations or policy-relevant summaries of disclosed information (Jones 1989, 8).

In 1988 New York City Council adopted the *Campaign Finance Act*, the most ambitious campaign finance program ever attempted municipally in the United States. In addition to providing extensive public funding and setting limits on both contributions and expenditures, the Act imposes stringent disclosure requirements on candidates. The example of New York City is of particular note, not only because it is on the "cutting edge" of campaign finance reform in the United States, but also because it demonstrates the applicability of comprehensive disclosure requirements and extensive computerization to a smaller political system with limited administrative resources.

In its 1990 report, the New York City Campaign Finance Board (NYCCFB) cites the public disclosure of campaign finance information in a timely fashion and in a useful format as a major accomplishment of the program. Mayoral candidate Rudolph Giuliani noted that the law's "major contribution is that it has regularized and publicized a process that in the past would have been a lot more secret ... The public, the press and political opponents can ... take a look at who in fact is financing a campaign, and therefore raise appropriate questions" (NYCCFB 1990, 112).

Under New York City law, candidates are required to report as many as 13 times before the election. Most filing dates coincide with deadlines set by the New York State Board of Elections, because candidates must also file with this body. Candidates are also required to file a report four days before the election and report within 24 hours any contributions or expenditures over $1 000 received during the seven days before the election. During the 1989 elections, compliance with the filing requirements was good – only 5 of 48 participating candidates failed to file one or two of the reports (Campolo interview). In its 1990 report, the Campaign Finance Board recommended that candidates not be required to file reports if they received less than $2 000 in contributions and loans during the reporting period.

When reporting contributions, candidates must report the contributor's name, address, occupation, employer and business address, and the amount of the contribution. In addition to information about the contributor, the Act requires that contributions made through intermediaries (usually fund-raisers) be reported as such. Although the U.S. Supreme Court's interpretation of the First Amendment to the U.S. Constitution makes it impossible to render illegal the practice of "bundling" (or fund-raising through intermediaries), it is possible to require disclosure. In 1989, approximately 16 percent of the total dollar amount of all contributions to participating candidates was reported to have been made through intermediaries. The Act also requires disclosure of all expenditures, identifying the payee, the amount paid, the cheque number, bank account and the purpose of the expenditure. Candidates are also required to report the lender, amount and guarantor for any loans received.

This examination of disclosure requirements and systems in other jurisdictions demonstrates that Canadian disclosure requirements are comparable to, or more extensive than, disclosure requirements in the United Kingdom, New Zealand, Australia and the Canadian provinces. The extensive disclosure requirements and emphasis on accessibility that characterize the regulation of political finance in the United States suggest that there is considerable scope for enhancing and improving disclosure provisions in Canada.

IMPACT OF DISCLOSURE ON UNDERSTANDING POLITICAL FINANCE IN CANADA

There are essentially two channels through which the Canadian public receives information about political financing: the media and academics. Very few citizens strike out on their own to investigate who contributes to parties and to candidates. Consequently, the use made of disclosed financial information by journalists and academics affects public understanding of political finance.

Media Coverage

Media coverage of political finance is infrequent at best and tends to be superficial in nature. Newspaper articles on political finance most often appear just after the release of the "Registered Parties' Annual Fiscal Period Returns" each July and after the release of candidates' and parties' election expense reports. A 1980 *Globe and Mail* article reported former Liberal fund-raiser Senator John Godfrey's observation that "the news media haven't taken much advantage of the Election Expenses Act by publicizing who has given what. The *Globe* should print a whole page of donors. People like reading that stuff, but now that it's available, no one seems interested" (quoted in Fraser 1980, 2). In a similar vein, Joseph Wearing (1987, 136) has observed that the release of the party returns merits scant notice by the press beyond observations about which party raised the most money during the year. An examination of selected newspaper coverage of political finance since 1974 suggests that Senator Godfrey's observation still holds true.[9]

Among the articles written after the release of the parties' "Annual Fiscal Period Returns," the majority focused on the "horse-race" aspect. The lead paragraphs of these articles concentrated on which of the parties had raised the most money during the previous year. These articles had headlines such as "PCs Tops in Filling Coffers" and "NDP Still Leads Pack in Single Donations." Most of these articles summarize the aggregate figures provided in the report, focusing on the total amounts raised by the parties, the reliance on corporate donations and the average size of donations. Several of the articles also list the large donors to the parties (often focusing on chartered banks).

In recent years, articles appearing after the release of the annual returns have tended to highlight the human-interest angle. Headlines such as "A Widow Gives $147 668 to the NDP" are meant to entice readers into the otherwise seemingly dry world of political finance. Many of these human-interest articles then summarize (usually briefly) the other aspects of a party's annual return.

The articles that appear after the release of parties' and candidates' election expense returns tend to focus on whether the highest spender won the most votes. Headlines such as "Liberals Invested Less Money to Win Last Election" and "Big Spenders Can Be Losers" underline the point that money does not guarantee political success. Other articles (such as "Top Three Parties Spent Record $17.4 Million on '84 Election") focus on overall trends in election spending. The release of candidates' returns usually prompts some coverage of local candidates' spending. For example, after the 1984 election the *Ottawa Citizen* published the total spending of all local candidates under the headline "Local Federal Candidates Kept Within Spending Limits," and the *Winnipeg Free Press* summarized spending by local candidates under the headline "Epp Biggest Spender in Manitoba Ridings."

It is only rarely that disclosed financial information is used as background for columns analysing political finance or as the basis for investigative journalism. There are, naturally, exceptions to this. For example, articles have appeared in the *Globe and Mail* under the bylines of both Jeffrey Simpson and Stevie Cameron analysing trends in political finance. After the 1984 election, the *Vancouver Sun* ran a story that indicated that three B.C. federal cabinet ministers had received contributions from companies related to their portfolios.

In general, however, political finance receives cursory coverage once each year (after the release of the annual returns), with supplementary coverage after the release of parties' and candidates' election returns. Although journalists may not have fully utilized the financial information available to them, it is important to note that the reporting and disclosure requirements implemented in 1974 have made possible the annual coverage of political finance.

Coverage of political finance in the United States provides a stark contrast to the Canadian experience. The frequency of the required reports and the rapid processing time at the FEC make it possible for individuals and journalists to gain up-to-date and relatively complete information about the financing of campaigns. More important, this information is available in a timely manner that makes disclosure relevant to the ongoing election campaign. Coverage of political finance is not restricted to election years, however. Journalists have used the disclosed information to write more in-depth investigative pieces at other times (Cooper interview).

Academic Study

Before the introduction of disclosure regulations in 1974, academic analysis of political financing in Canada was, of necessity, highly conjectural. The information available was by no means systematic, and academics writing about political finance had to rely on sources (often anonymous) within the parties to gather some sense of the patterns of party contributions and expenditures. The result, not surprisingly, was an unsatisfactory understanding, which did little to dissipate the aura of secrecy surrounding political financing before 1974.

Of the studies of political finance before 1974, two works stand out: research studies prepared for the Barbeau Committee in 1966 and Khayyam Paltiel's *Political Party Financing in Canada* (1970), the latter based in large part on the former. The difficulty inherent in writing about political finance in the absence of disclosure is underlined by the proviso found in the introduction to the Barbeau studies: "The traditional obscurity of the topic [political finance] and the lack of dependable and easily accessible material have been partially overcome by recourse to personal and public archives, biographies, memoirs, contemporary newspaper reports, personal interviews and such secondary sources as university dissertations and works by recognized historians" (Canada, Committee 1966a, 225). The resulting studies were thorough and benefited considerably from the cooperation of the political parties, but it must nonetheless be recognized that the degree of analysis that can be achieved without full disclosure is decidedly limited.

By necessity, both of these pre-disclosure publications focus more on the process of fund-raising (who performs this task, in what city and how) than on the contribution and expenditure patterns themselves. As a consequence, the aura of mystery and undue influence that surrounds political finance remained. In fact, these perceptions were fostered by the parties' reluctance to disclose information – it is notable how often the research studies of the Barbeau Committee attribute information to a "confidential source."

The introduction of disclosure provisions meant that there was an opportunity for in-depth study of patterns of party income and expenditures, including comparison between elections and patterns within electoral cycles. Fourteen years after the introduction of mandatory disclosure, one would expect that this understanding would have emerged. Certainly, disclosure has facilitated more thorough and reliable discussions of spending patterns and intraparty transfers. An example of this is Seidle and Paltiel's 1981 article. Disclosure has also facilitated econometric and polimetric research such as that undertaken by Palda and Palda (1985) and Isenberg (1980). As K.S. Palda noted, "A statistical verification of the hypothesis that campaign money plays a role in shaping voting patterns had to wait for the appearance of electoral outlay data. These became available in Canada ... at the federal level in 1979" (1985, 535).

Disclosure has also made possible Stanbury's work on the contribution patterns of corporations. Using disclosed contribution information, Stanbury has developed a comprehensive understanding of the pattern of corporate contributions to the Progressive Conservative and Liberal parties. The availability of this disclosed information allowed him to observe in 1986 that the Liberal and Conservative parties' reliance on large contributions was declining in relative terms, as was the average size of corporate contributions. Moreover, Stanbury's research has challenged much of the conventional wisdom on financing that emerged before 1974 (Stanbury 1986, 1989). For example, he has disproved the conventional view that large corporations making political contributions usually give very similar amounts to the party in power and to the leading opposition party, as well as disproving the hypothesis that large corporations split their contributions 60:40 in favour of the party in power. He also concludes that the hypothesis that political contributions are proportionate to the size of the corporation making the contribution does not hold true. Without the existing disclosure laws, Stanbury's empirical work would not have been possible.

Taking an approach similar to Stanbury's, Wearing (1987) has researched the linkage between corporate contributions to parties and the awarding of government contracts, concluding that there is no clear link between the two. Wearing and Wearing (1990) have also investigated the contribution patterns of foreign-owned corporations, concluding that Canadian-owned companies tend to contribute to political parties more often and in larger amounts than foreign-owned firms.

Disclosure laws have facilitated a more thorough academic understanding of the patterns of political finance in Canada. It must be noted, however, that this understanding is far from complete, particularly when compared with American literature on the subject (Biersack and Wilcox 1990). American political finance is, of course, of a much greater magnitude and complexity than its Canadian counterpart. Nonetheless, there are elements of the American research "program" that suggest areas for further research in Canada. For example, there is considerable scope for inquiry into the sociodemographic characteristics of contributors and party strategies in allocating funds to candidates. Clearly, expanded disclosure provisions would foster a much more extensive and involved academic understanding of the nature of Canadian political finance.

THE ELEMENTS OF DISCLOSURE

The Barbeau Report identified three elements that must be present for a disclosure policy to be effective: accuracy, enforcement and publicity. In the Canadian context, the first two elements do not pose major problems.[10] There are few cases of failure to comply with the reporting requirements, and the Office of the Chief Electoral Officer has not expressed serious concerns about the accuracy of the disclosed information. However, the question of "publicity" is problematic. Publicity was taken by the Barbeau Committee to mean both the degree to which the disclosed information is publicized and the degree to which it is intelligible. It is these two elements of disclosure that require evaluation. Is the disclosed financial information readily available to potential users? Is the information arranged in such a manner that it is useful? If the answer to these questions is no, then the transparency and public confidence arguments for disclosure provisions are effectively negated, since these arguments assume that the disclosed information will be readily accessible to the public, the press and researchers.

In pursuing the objective of public confidence in the integrity of the electoral system through transparency, it is crucial that the system be truly open to scrutiny. For openness to be achieved, it is necessary both that information be available (supply) and that there be a demand for it. If the information is available but no use is made of it, then openness is not truly achieved. There are, however, important linkages between supply and demand. Information that is readily available in a manageable format can enhance or even create demand for the information. This being said, there may well be a finite amount of interest in political finance in Canada. Canadian political finance is modest in scope and is unlikely to engender the same interest among journalists or academics as its American counterpart. In addition, the public receives its information about political finance through those two channels, although more through the former than the latter. Moreover, Canadian political culture does not lend itself to the intense suspicion of the motives of large donors that would motivate careful scrutiny of the disclosed contribution information. Indeed, the regulatory environment governing political finance does not rely on disclosure in the same measure as the American system. There would, nonetheless, be potential for increased interest in Canadian political finance if the information were to be more complete and more readily available. The key, then, lies in achieving a solution that takes into account both the potentially finite level of interest in the subject and the limited resources available, while still actively pursuing the objective of increasing public confidence through openness by trying to stimulate interest in and understanding of political finance.

One can identify six essential components of an effective disclosure law (beyond accuracy and enforcement). First, disclosure requirements should be comprehensive in their coverage: there is little point in implementing disclosure rules if it is possible to channel donations or expenditures through a level of organization or a stage of the process that is not subject to these rules. Second, the scope of the information must be sufficient to make it meaningful. Third, it is important that the information disclosed be categorized in a useful and consistent manner. If this is not the case, the information will be of little use to researchers, who rely on aggregated information. Moreover, on the spending side, a great deal can be obscured if parties are given too much scope for discretion in categorizing their spending. Fourth, disclosure of information and publication of the information must be timely. Fifth, logistic and financial barriers must be minimized to make information readily available. Sixth, the disclosed information must be presented in a format that makes it readily accessible. Depending on the different needs of users, more than one format might be required.

When evaluating the utility of disclosure arrangements, it is important to differentiate between user groups and to identify the distinct informational requirements of these groups. As Clyde Wilcox has pointed out, the general public requires formats that are easy to understand, the press requires timeliness, academics and other researchers require comprehensiveness and time-series data, and political professionals require structural information giving insight into the behaviour of various sets of actors (Wilcox 1989, 5). In addition, many academics, researchers and political professionals are likely to find the disclosed information more useful if it is available in computerized (or machine-readable) form, thereby eliminating the need for extensive data entry. All of these requirements must be balanced against one another (although they are by no means mutually exclusive), and financial and logistic constraints must be taken into consideration. Given this understanding of the characteristics that must be present for disclosure to be effective in achieving its aims, it is possible to examine the Canadian system.

Comprehensiveness of Coverage

Current election finance legislation, including disclosure provisions, covers only party and candidate financing. As a result, a number of stages of the political process are excluded from both regulation and disclosure. One must question the utility of a system that allows a donor to give large sums of money to a leadership campaign without disclosure but insists on disclosure of donations to that leadership candidate's party. By donating at the earlier stage (the leadership campaign), the donor successfully avoids the disclosure requirements, yet the candidate could be just as beholden (or perhaps even more beholden) to the donor as she or he would have been had the donation been made to the party. Moreover, the practice of channelling donations to leadership candidates through the party to allow donors to enjoy the political tax credit bolsters the call for disclosure of leadership campaign finances, since the public funding involved implies that the public has a right to know. There appears to be increasing support for mandatory disclosure of donations to leadership campaigns. On 4 December 1989, the House of Commons unanimously agreed to NDP MP Robert Skelly's private member's motion. It was agreed that: "In the opinion of this House, the government should consider establishing spending limits and strict rules of disclosure listing all campaign contributions by source and amount for all Canadian political party leadership races" (Canada, House of Commons 1989, 6466).[11] In its presentation to the Royal Commission on Electoral Reform and Party Financing, the New Democratic Party indicated that it favoured full disclosure of contributions to leadership campaigns. The Progressive Conservative and Liberal parties both indicated that they did not favour government regulation of leadership conventions.

It would not be unprecedented in Canada for the state to impose disclosure on party leadership campaigns. In 1988, the province of Ontario implemented legislation under which leadership candidates for registered parties must register with the Commission on Election Finances and file audited financial statements of income and expenses, including disclosure of all contributions over $100.

The NDP and the Liberal Party of Canada also voluntarily decided to impose disclosure requirements on contenders in their 1989 and 1990 leadership campaigns. The NDP appointed a chief electoral officer and made a preliminary expense report available to convention delegates before the election of the new leader. The Liberal leadership candidates' unaudited contribution and expenditure reports were released to the media in early November, five months after the May leadership convention. The disclosed reports included the total amount spent on the candidates' campaigns, as well as the names of donors to all campaigns, but not the amounts donated (Howard 1990; Austen 1990).

There are several policy options insofar as disclosure of leadership campaign financing is concerned. If it were decided to extend the regulation of elections to cover party leadership conventions – for example, to limit expenditures – then it would naturally be necessary to impose full disclosure requirements. In the absence of contribution or expenditure limits, however, there are three possible options. First, the matter could be left entirely in the hands of the parties, as is currently the case. This would be entirely consistent with the view that there is no place for the state to intervene in the internal matters of political parties. Alternatively, full disclosure could be required to compensate for the lack of other forms of regulation.

The third option would tie disclosure to the use of public funds. If parties chose to channel donations to leadership contestants through the party to gain the tax credit, then they would be required to have their leadership candidates disclose fully in the same format as political party annual returns. The effect of this would be to provide specific information about contributions to each of the leadership campaigns, rather than mixing the information about donations to campaigns with contributions to the party proper in the party's annual return. One would anticipate, as a consequence, that the prospect of public scrutiny would encourage parties to restrict the amounts spent in these campaigns.

Another notable gap in the coverage of disclosure provisions is local associations. These associations benefit from public funds through the transfer of candidates' surpluses (which include reimbursements of expenses and tax-credited donations) after elections. Because local associations are not required to report, there is no public record of the eventual use of these public funds. Some observers have referred to local associations as the "black hole" of Canadian political finance, since money disappears into them never to be seen again. During public hearings before the Royal Commission on Electoral Reform and Party Financing, representatives of both the Liberal and the New Democratic parties indicated they favour mandatory registration of local associations and full disclosure. Representatives of the Progressive Conservative party stated that they favour full disclosure for local associations if tax receipts are to be issued by riding associations, and agreed that registration of local associations should be considered. Clearly, openness and accountability would be enhanced by requiring reporting by local associations of registered parties.

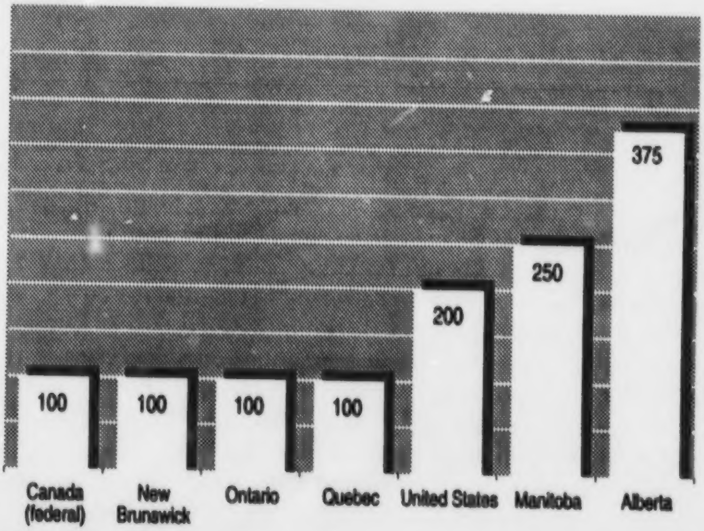
If one considers comprehensiveness to mean the reporting of all relevant transactions, the question of the threshold beyond which a contribution must be reported is raised. Currently, the threshold is $100.

This threshold was established in 1974 and has not been amended. If it had been indexed to inflation, by 1991 it would have been just less than $300. As is demonstrated in figure 1.1, some jurisdictions have higher thresholds for reporting.[12]

Several thresholds for reporting were suggested during public hearings of the Royal Commission on Electoral Reform and Party Financing. Connie Harris, a representative of the Green Party of British Columbia, recommended there be no threshold, but rather that all contributions be disclosed. The Association of Canadian Advertisers recommended that the threshold be set at $1 000 "for practical reasons." The Social Credit Party of Canada advocated a $2 000 threshold, arguing that some donors limit their contributions to keep their names and addresses off "the government register," and that "at today's expenses, it would take a much larger donation than [$2 000] to 'buy influence' even in a small party like ours."

In setting the threshold for reporting, the public's right to know about relevant transactions must be balanced against the administrative burden that is placed on the political parties. Small contributions (less than $200 or $300) are not sufficiently relevant that the public interest requires they be reported. By increasing the threshold to $200 or $300,

Figure 1.1
Threshold for disclosure: selected jurisdictions
Dollars



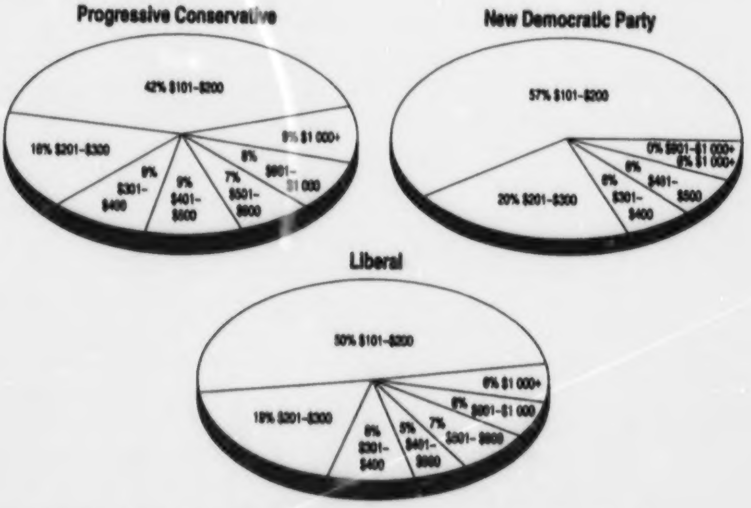
Source: Compiled by author.

the number of transactions reported would decrease substantially without interfering seriously with openness and accountability. As is demonstrated in figure 1.2, increasing the threshold to $200 would reduce the number of transactions reported by between 40 and 60 percent.[13]

Scope

For disclosed information to be meaningful, it must include sufficient detail to allow analysis. Disclosed contribution information, for example, does not currently include the address or employer of donors, nor does it include the date of the donation. In this regard, the Canadian disclosure law is much weaker than comparable laws in other jurisdictions. As is demonstrated in table 1.1, contributor information disclosed at the federal level in Canada is much less comprehensive than that required in several provinces and is even less comprehensive than under American rules. The result, as was noted by the Fédération professionnelle des journalistes du Québec in its testimony before the Royal Commission on Electoral Reform and Party Financing, is that "the current law does not allow the unveiling of the identity of parties' financial contributors" [translation].

Figure 1.2
Size of contributions over $100


Progressive Conservative

New Democratic Party

Liberal

Source: Derived from sample based on Canada, Elections Canada, "Registered Parties' Annual Fiscal Period Returns," 1988.

Table 1.1
Disclosure requirements: selected jurisdictions

Jurisdiction	Name	Amount	Address	Date	Employer	Occupation
Canada (federal)	X	X				
Alberta	X	X	X			
Manitoba	X	X	X			
Quebec	X	X	X			
New Brunswick	X	X	X	X		
Ontario	X	X	X	X		
United States	X	X	X	X	X	X

Source: Compiled by author.

Under current Canadian reporting requirements, there is no consistency in reporting the names of contributors. Individuals may be identified with either an initial or a full first name, and corporations may be listed twice, once by the corporate name in French and once in English. Without the donor's address, there is no way of determining whether several members of one family (household) have contributed, or whether one individual has contributed several times. For example, one individual could make four separate contributions and be listed as Jane Doe, J. Doe, J.S. Doe and Jane S. Doe. As the Fédération professionnelle des journalistes du Québec noted, "the name of a person or company that could just as easily be from Yellowknife as from Sept-Îles is a scant piece of information, hard to make use of" [translation]. The provision of an address permits users to identify correctly the individual in question. It would also allow analysis of the province of origin of contributions.

In the age of direct mail, the disclosure of contributors' addresses raises privacy concerns, particularly the possible use of lists for solicitation. During the Commission's public hearings, both the National Citizens' Coalition and the Libertarian Party of Canada argued against the disclosure of even contributors' names on the grounds that this is an infringement on contributors' privacy.

The U.S. *Federal Election Campaign Act* expressly forbids the use of these lists for soliciting contributions or other commercial purposes. To enforce this, committees are allowed to include a "dummy" entry in their reports to detect use of the list for illegal purposes. If mail is received at a "dummy" address, then an investigation into the use of the lists can be launched. To protect contributors to the Communist party and the Socialist Workers party from harassment, a court decision has exempted them from reporting requirements. The American experience demonstrates that it is possible to design a system that provides adequate disclosure of contributors' addresses without sacrificing contributors' privacy. Such a solution would make any commercial or political use of the lists illegal as well as providing some mechanism (such as the dummy entry) for enforcement.

The absence in the Canadian disclosure reports of any chronological information, such as the date or month of the contribution, makes it impossible to differentiate donations made to the party just before or during an election campaign from other donations. If candidates were allowed to accept and issue tax receipts for contributions made after polling day, reporting the date of the contribution would be even more important. A journalist with the Toronto *Globe and Mail* considered the date of contribution to be so important that he launched a legal action against the Ontario Commission on Election Finances, with the result that the Commission was ultimately forced to disclose the date on which contributions over $100 were made. Michael Valpy, the journalist who initiated the action, wanted to know the date on which several contributions were made by three large land and housing developers to the candidate who eventually became minister of housing. The importance of the date was to determine whether the donations were made before or after the candidate's election and appointment to the Cabinet. As Valpy pointed out in his column, if the money was donated before election day, then the developers were doing no more than partaking in the democratic process. If, however, they donated to the campaign during the three months after election day when donations can still be made, then they were "ingratiating themselves with the Government of Ontario" (Valpy 1988). This example demonstrates the importance of chronological information to transparency, particularly in a system that allows contributions after the election.

Numbered corporations are not required to include a corporate name (aside from their number) when they contribute to a federal political party. The Fédération professionnelle des journalistes du Québec argued that "many major financial contributors operate under cover of numbered companies" [translation]. In 1989, 73 numbered corporations donated a total of $35 315 to the Progressive Conservative party, and 49 numbered corporations donated a total of $28 249 to the Liberal party. Requiring numbered corporations to provide additional information (the name under which the corporation is registered provincially, the name appearing on its letterhead, or the name of its directors as registered with Consumer and Corporate Affairs Canada) would increase openness and accountability.

The U.S. *Federal Election Campaign Act* requires that the contributor's occupation and employer be disclosed in addition to other information. This is of particular importance in the American context because of the ban on contributions from corporations or unions. By requiring disclosure of employment information, it is possible (at least in theory) to determine whether restrictions on the sources or amounts of contributions are being circumvented by channelling contribution money through corporation or union executives. In the absence of contribution limits, such information is not essential, but it would make it possible to determine whether corporations or unions were trying to decrease the visibility of their contributions by channelling additional contributions through their executives (giving the executive a significant tax benefit at the same time).

There is likely to be resistance from some individuals to disclosing employment information. The American legislation requires that recipients of contributions make their "best effort" to obtain this information. Specifically, they must provide a written record documenting that the committee treasurer has asked the contributor to provide the information and has notified the contributor that such reporting is required by law. Usually, committees indicate in their appeals that "the FEC requires us to ask for the following information." In New York City the contributor's name, address and amount were filled in 96 percent of the time in the 1989 reports, but contributor occupation was disclosed in only 53 percent of cases. In its 1990 report, the city's Campaign Finance Board recommended that disclosure of employment information not be required for contributions of U.S. $100 or less. The Board also recommended that candidates not be required to itemize contributions of less than $99 and expenditures of less than $50.

Because there is insufficient detail in the information required by the Canadian disclosure system, potential users are discouraged from making use of the disclosed information. The utility, and consequently the accessibility, of the disclosed information would be enhanced greatly if parties and candidates were required to report the full name and the address of contributors as well as the date of the contribution. By providing this additional information, incentive for potential users to make use of this information would be increased.

Federal parties are required to reveal the total amount of their contributions annually as well as their expenditures. However, they are not required to provide a balance sheet demonstrating the excess of revenues over expenditures (or vice versa) and the allocation of surpluses or the receipt of loans. As a consequence, it is impossible to gain an accurate understanding of the exact financial situation of the party. In the province of Ontario, the *Election Finances Act* requires that the chief financial officer of every political party file with the Commission on Election Finances a statement of the party's assets and liabilities as of the end of the previous year.

Requiring political parties to file a balance sheet prepared according to generally accepted accounting practices would enhance public understanding of the precise financial situation of the parties. The required balance sheet could be in such a form that transfers from party organizations in one jurisdiction to another (i.e., from the provincial level to the federal, or the reverse) would be accounted for.[14] An excellent example to follow in this regard would be the Ontario format.

Categorization

It has been noted that Canadian disclosure rules "conceal more than they reveal" (Paltiel 1983) because of the categorizations that are required in disclosure reports. To a certain extent, the categorizations have more to do with accounting practices than with the provision of politically relevant information.

Information about contributions is currently aggregated only by "class of contributors," the three classes being individuals, business and commercial organizations, and other organizations. This is useful, but other categorizations (such as province of origin or size of contribution) might also be of interest to many users. As discussed below, Elections Canada lacks a mandate to publish these aggregations in a manner that would make them more readily accessible to the public.

It is on the expenditure side that serious problems emerge in the process of categorization. The *Canada Elections Act* gives the chief electoral officer the mandate to prescribe these categories. The format currently used requires that election expenditures be categorized according to the following breakdown: advertising; broadcasting (broken down into radio and television); rent, heat and light; salaries and benefits; professional services; leader's tour; travel and rental of vehicles; fund-raising; administrative expenses; national office expenses; and miscellaneous expenses. Nonelection expenses are categorized as follows: travel expenses; party conventions and meetings; rent, light, heat and power; advertising; broadcasting; printing and stationery; telephone; and legal and audit fees.

Some users have criticized this breakdown for not reflecting the realities of modern politics – for example, spending on consulting fees and opinion polling cannot be identified in the breakdown. From the perspective of a journalist or a researcher, the amount that a party spends annually or during an election on opinion polling is of greater relevance than the party's hydro bills or travel expenses. Like broadcasting and advertising, public opinion polling is an expenditure category that has definite political meaning.

The expenditure categorizations employed in several other jurisdictions provide useful comparisons. The New York City Campaign Finance Board requires candidates to categorize their expenditures into 13 categories, which include television advertising, print advertising, radio advertising, consultants, salaries, fund-raising costs, polls, professional services and printing. This system of categorization not only provides useful, relevant information to the press and the public, but has also proved to be a useful policy tool. The Campaign Finance Board noted in its 1990 report that the cost of television advertising dominated mayoral and comptroller candidates' spending. This led to its recommendation that candidates be provided with access to free or subsidized broadcast or cable television time to curb rising campaign expenditures (NYCCFB 1990, 86–87).

It is important that the categorizations, once decided upon, remain the same, for consistency. One means of achieving this would be to place them in the *Canada Elections Act* rather than leaving the form to the chief electoral officer. This does, however, reduce the flexibility for adding categories to reflect new practices or technologies.

In addition to this problem with the categorization scheme itself is the considerable room for manoeuvre that the chief electoral officer's *Guidelines*[15] grant to the political parties in their reporting of expenditures. Parties are given considerable freedom to differentiate between election and nonelection expenses. Khayyam Paltiel has pointed out that all three major parties have allocated their expenditures differently to benefit as much as possible from reimbursement provisions while remaining within the expenditure limits. Paltiel observes that in the 1984 election, party expense declarations "revealed a lack of uniformity and a great disparity in the treatment of ongoing party expenses during the election campaign" (Paltiel 1987, 241). In 1984 the NDP attributed all of its national office spending to election expenses, the Liberals treated two-thirds as election spending, and the Conservatives only one-quarter. Journalist Charlotte Gray has noted that the parties can "shield" many of their administrative costs by not including them as election expenses (Gray 1989, 15).

As a consequence of this creative bookkeeping, the aggregated expenditure information is of little use to researchers. Is one to believe that, in 1988, administrative and national office expenses combined comprised 7 percent of total election expenditures for the Progressive Conservative party, 13 percent for the Liberals, and 19 percent for the

NDP? These substantial disparities confirm Gray's and Paltiel's assertions that funds are being reported differently by the three parties, depending on what suits each one best. Consequently, it is with considerable uncertainty that any researcher would rely on the party's reported expenditure breakdowns. Moreover, the flexibility granted to parties in this regard makes it difficult for Elections Canada to enforce spending limits.

Timeliness

Timely information is, of course, essential to transparency. Because political parties report only once each year and after elections, information is seldom available until several months after an election campaign or receipt of a donation. Under the current disclosure provisions, it is possible for as long as 18 months to pass between a contribution being made and being reported. As a consequence, the information is of little use to journalists and political professionals who rely on timely information. There are two components to timeliness: first, the frequency of reporting; second, the lag between the end of a reporting period and the date the report is submitted.

Although contributions to political parties do increase significantly during election years, it is not clear whether the increased contributions activity does in fact take place during the election campaign. Consequently, it is not clear that it is relevant to require that parties report during the brief Canadian campaign. More important is the question of the administrative burden that would be imposed on parties and on individual campaigns by requiring reporting during the election period. The electoral campaign is a period of frenetic activity for political parties, and imposing a disclosure requirement on them during this time would be burdensome. Candidates' campaigns are similarly burdened during the electoral period, and being small ad hoc organizations, they are unlikely to be administratively equipped to file detailed disclosure reports during the campaign period.

An approach that would be more readily applicable to the Canadian process would centre around more frequent reporting on regular dates and a decreased time-lag from the end of the reporting period to the date the report is due. Ideally, parties would be required to report biannually. Biannual reporting is not unprecedented in Canada. The New Brunswick *Political Process Financing Act* requires that parties submit two complete financial returns annually. The first, covering the first six months of the year, is submitted by 1 October, and the second, covering the last six months of the year, must be submitted by 1 April the following year. This means that the maximum possible time-lag between a contribution being made and being reported in New Brunswick is nine months.

It would not be necessary to require a full audited report of contributions and expenditures to be submitted in the supplementary (mid-year) report. It would be necessary only that parties file a report of contributions for the first six months of the fiscal year. The report filed at the end of the fiscal year would be a full audited report, with the audit covering both reports filed for the fiscal year. Such a measure would enhance the timeliness of the reporting of contributions in Canada.

It is possible to reduce the lag between the end of the reporting period and the date when reports are due. Figure 1.3 demonstrates that in many jurisdictions, parties and candidates are required to file their reports as early as three months after the election (or end of the fiscal year, as the case may be). To draw a comparison with the corporate world, in both Ontario and Quebec, publicly traded corporations are required to file audited statements with the Securities Commissions within 140 days of the end of the fiscal year.

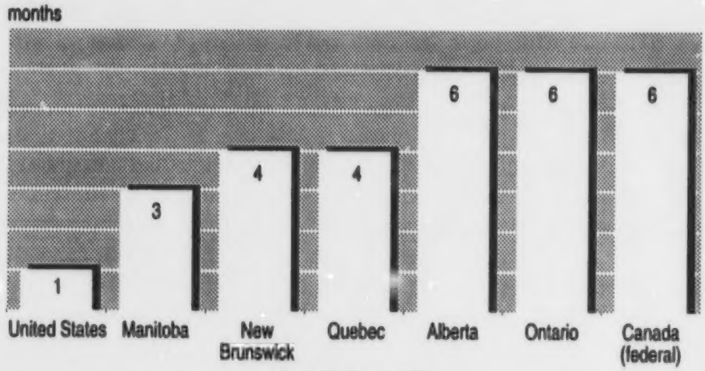
It would not be unduly onerous to require parties and candidates to file post-election reports within three months of polling day, nor would it be overly arduous for registered parties (and local associations, if applicable) to file within three months of the end of the fiscal year. By requiring parties to report twice a year and by reducing the time-lag between the end of the fiscal year and the reporting date to three months, the maximum possible time-lag between a contribution being made and being reported would be reduced from eighteen to nine months. This would considerably improve the timeliness of reporting.

Availability

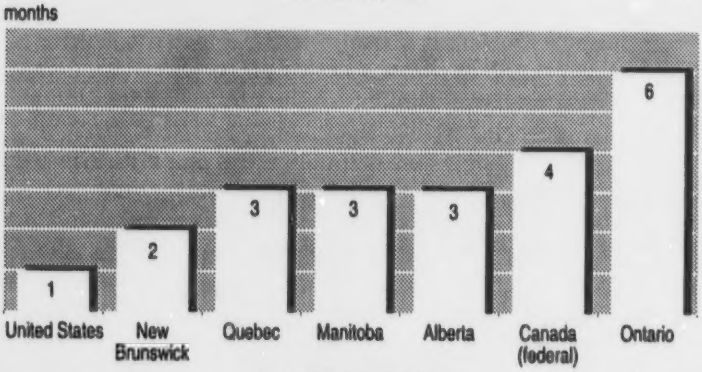
There are few problems with the availability of party disclosure reports. The reports are sent, on request, to interested parties and are available for inspection at the Elections Canada office.

Detailed candidate reports (including the lists of contributors to candidates' campaigns) are available for inspection through the returning officer for the riding for six months after their receipt. Subsequently, they are available for inspection through Elections Canada. Elections Canada will also make photocopies of candidate reports on request, for a nominal fee. Returning officers state that they are seldom approached by individuals wanting to inspect candidate reports. Elections Canada officials state that requests for candidate reports tend to occur just before elections when campaign committees begin soliciting funds and want to look at lists of donors from previous campaigns.

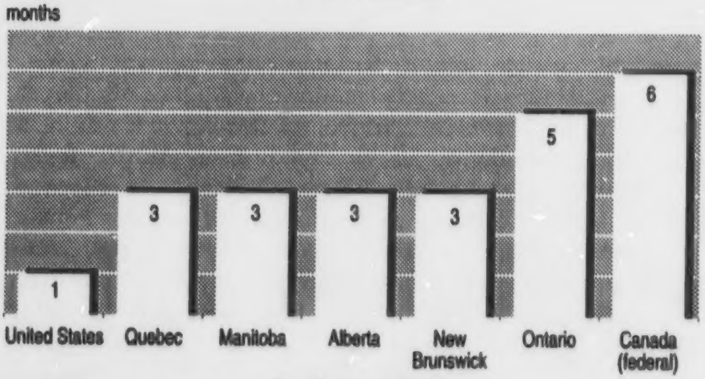
Figure 1.3
Lag between end of reporting period and date return due



Post-election, parties



Post-election, candidates



Annual return, parties

Source: Compiled by author.

Availability alone is a necessary but insufficient condition for enhancing demand for disclosed political finance information. To encourage potential users to make use of the disclosed information, it must not only be available, but must also be presented in a format that makes it easily and conveniently accessible.

Format

The format in which the disclosed information is presented can greatly affect its accessibility to potential users. In this respect, as noted earlier, it is particularly important to distinguish between user groups. Journalists and interested private citizens are the clientele for formats that allow the user to extract a few facts quickly and easily. Academics and other researchers are the clientele for computerized, often time-series, data.

As Ruth Jones notes, aggregation and publication are only the first steps in making campaign finance records relevant. Objective, sensitive, and politically sophisticated analysis and interpretation are necessary to make political finance information useful to policy makers and the public (Jones 1989, 9). This is one area in which Elections Canada could effectively and creatively expand its services.

Neither of the Elections Canada publications on political finance information (*Report of the Chief Electoral Officer Respecting Election Expenses* and "Registered Parties' Annual Fiscal Period Returns") includes any explanation of the disclosure requirements or legal definitions. As a consequence, there is little or no context for the information. For example, no definition of "election expenses" is given, so an uninitiated user could assume that all election spending is included under election expenses, although in reality this is not the case. In fact, there is nothing in the document to inform users that annual fiscal returns do not include election expenses. Users might also be confused by the format of the summaries of candidates' returns. Nowhere in the volume is there any indication of what is meant by a "government" contribution to a candidate, nor is there any definition that distinguishes between a "political organization" and a "registered party." In essence, the lack of such information makes these volumes inaccessible to any user who is not intimately familiar with campaign finance law and practice.

To increase the accessibility of these documents, it would be advantageous to give Elections Canada a mandate to develop standardized introductions and definitions for its publications. Although it is important that there be no perception of bias on the part of Elections Canada in its presentation of financial information, this does not imply that it cannot provide factual information about the legal framework of election financing in its publications. An example that could be followed is Statistics Canada, which provides useful yet neutral definitions and contextual information in the introductions of many of its publications.

Elections Canada has also hesitated to perform any analysis of campaign financing information beyond the most rudimentary aggregations. The New York City Campaign Finance Board report is an excellent example of the potential for providing analytical information that does not introduce political bias. This report contains graphs illustrating breakdowns of expenditure, timing of contributions during the election cycle, and contrasting contributions to incumbents and non-incumbents. The report also contains lists of the largest contributors and intermediaries. Preparation of such information would provide a useful tool for occasional users of the information, such as journalists or students, and would increase public understanding of the nature of campaign finance without compromising Elections Canada's impartial role.

From the perspective of researchers, it is very important that the information be available in computerized or machine-readable format. If the scope and magnitude of the disclosed information is increased, the only practical way of conducting research will be through computerization of this information. As the American experience demonstrates, an operative information retrieval and management system is essential for both enforcement and research.

At present, Elections Canada is developing a strategic plan for information systems which includes consideration of computerization of both party and candidate disclosure reports.[16] It would be highly inefficient to computerize other Elections Canada functions without planning for extensive computerization of its disclosure role. Although computerization will certainly involve major capital expenditure, it is essential if disclosure is to be an important part of regulating election and party finance in Canada. If Elections Canada is to be charged with the responsibility of developing and maintaining an effective, efficient and modern system to manage disclosed information and make it available to the public, this responsibility must be reflected in the agency's budget.

The experience of the American FEC as well as the New York City Campaign Finance Board has demonstrated that development of an effective, user-friendly computerized database makes disclosed information easier to manage for internal enforcement and considerably more accessible to users than a system that relies on paper alone.

In designing the computer software that allows users to access the database, the needs of users must be kept in mind. An excellent example of this is the American FEC. To facilitate use of the system, it has been made available both through the Remote Access Program in state capitals and through the Direct Access Program, which allows users to subscribe and log on to the system at any time. The software is menu-driven and straightforward. Since the database was made available to the public, the FEC has made several changes and improvements to the system to make it more accessible. These include the "Recent Release" section, which allows computerized users to access all of the aggregated financial information contained in recent FEC press releases; a function that allows Direct Access users to set up and save files that they can update periodically; and recent innovations in software that allow users to search the database by name, address, employer or zip code of any contributor. Users can search information, including lists of all contributors to a campaign committee, lists of all of the committees to which a PAC contributed, and lists of all contributors to a certain PAC. These lists include the amount of the transaction and the date. With this system, it is possible to connect candidates to their campaign committees and to connect itemized contributions to their donors and recipients (Wilcox 1989, 14).

The FEC has recently acquired software that allows the public to search through the database and select all records meeting certain criteria. This software enables users to search by individual contributor name, city, state, zip code and principal place of business. For example, it allows journalists and others to detect patterns that suggest evasion of contribution limits by channelling contributions through senior executives (Cooper interview).

The New York City experience is relevant because it demonstrates that it is possible to develop an effective, comprehensive disclosure system with limited resources and in a short period of time. With less than two years to develop the system, and a full-time staff of only 44, the Campaign Finance Board developed a workable disclosure system that fulfils the requirements for transparency.

The *Campaign Finance Act* explicitly required that the Campaign Finance Board develop a computer database containing all information necessary for the proper administration of the Act, including information on contributions to and expenditures by candidates and their authorized committees. After the 1989 election, the Campaign Finance Information System (CFIS) contained 132 000 records of participating candidates' campaign activity. The system allows users to sort this information in several ways, including by name of candidate, contributor or intermediary, and by the name of the contributor's employer (Sedlis interview). The value of the CFIS is demonstrated in the Board's 1990 report, which analyses contribution and expenditure patterns in several ways by manipulating the database.

The Campaign Finance Board reported that the financial information contained in the reports filed with the Board, as well as the information in the Board's press releases, became source material for newspaper reports and substantial radio and television coverage of the 1989 campaign (NYCCFB 1990, 113). It was noted that candidates and their staff also made use of this information, and in some cases the disclosed information became the basis for formal complaints filed by one candidate against another. The perceived importance of the campaign contribution and expenditure information was such that a reporter with a New York City newspaper arranged to have the mayoral campaigns provide him with their reports at the same time that they filed them with the Campaign Finance Board (Campolo interview). Computerized disclosure reports listing all contributions reported by the two major mayoral candidates were made available for public inspection and photocopying, and users found them thorough and useful. The contribution information for the mayoral race was also available on computer diskette.

One plan for further development of CFIS involves giving candidates the option of filing their reports electronically. By providing candidates with the necessary software to prepare and file their reports electronically, the Campaign Finance Board would eliminate much of the need for manual data entry (Sedlis interview).

Another excellent example of providing accessible disclosure of information through a computerized system, on a scale more appropriate to the Canadian case, is the Canadian Lobbyist Registry, established in 1989. The registry provides access, including cross-referencing, to all information disclosed by registered lobbyists. Members of the public are able to access this information through the computer system with little or no assistance from registry personnel. The system also supports a reliable and efficient inquiry service and is able to provide copies of documents while safeguarding the originals (Denolf 1990, 1).

Individuals can access information from a public terminal in the registry's Hull office. The database is organized into the following classifications: lobbyist, firm, employer, client (including "client parent" and "subsidiary") and subject matter. Users can therefore access the database using any of this information. For example, it would be possible to obtain a list of all clients of lobbyist *X*, all clients of ABC Lobbying Inc. or all lobbyists working for Acme Co. There are two levels of public access to the database. The first, which is free, allows users to inspect records on the optical scanner. The second level of access allows users to use the cross-referencing functions of the database for a fee. The computer system is fast and extremely easy to use. The registry plans to make the database accessible through a service bureau (such as INFO GLOBE) to allow access to users outside the National Capital Region (Lebeau-Robert interview).

A computerized disclosure system for political finance information could give parties, candidates and (if applicable) local associations the choice of filing required reports either on paper (as is currently the case) or in electronic format. As personal computers become more common than typewriters, such a proposal is not unreasonable. A relatively simple software package accompanied by forms designed to fit on standardized printers could be provided to filers. This would make it possible for them to file their reports in data-file form and would make it simple for Elections Canada to process into complete reports. The three major political parties already prepare their reports on computer, so it would not impose any additional strain on their resources. It is probable that many candidates and (if applicable) local associations would welcome the opportunity to file their forms in electronic form as well, because this would simplify their bookkeeping and their record keeping, and ensure that their practices met the requirements set out in the Act.

There is probably insufficient interest in candidates' reports to warrant entering the information into a database. Nonetheless, it would be helpful to make them accessible through the computer system. The most effective means of achieving this would be to implement an optical scan/digital image system similar to that used by the Canadian Lobbyist Registry. With such a system, it would only be necessary to key into the database the candidate's name, party, electoral district and the year of the election. Users could inspect candidate returns for any candidate or electoral district over time. This would allow Elections Canada to keep candidate returns available for inspection indefinitely without requiring extensive paper storage. Moreover, it would greatly enhance the accessibility of candidate returns.[17]

The party returns should be entered into the database (not an arduous task if they are submitted electronically). This would allow users to easily access information about specific contributors, search for information about groups of contributors, and download information onto their own computer systems to organize or analyse it. By computerizing this information, its accessibility increases for journalists, and its utility increases for researchers. If information is more readily available in usable formats, it is anticipated that demand for the information will increase commensurately.

Once the information is available in database form, it must be made easily accessible. Elections Canada might consider making one or two terminals available exclusively to members of the public in the most accessible manner possible. Moreover, consideration should be given to making the information available outside the National Capital Region. For instance, in addition to access to Elections Canada personnel through the existing toll-free number, some means of accessing the database directly could be developed. To achieve this, the database could be available through a service bureau like INFO GLOBE. Although this would require users to pay substantial subscription and log-on fees, it would facilitate access for more frequent and professional users, notably journalists and researchers.

It is true that developing this database will be a major undertaking, but it must be kept in mind that extensive computerization is occurring throughout government, business and the media, as well as in election offices. To ignore the trend toward computerization of public-access facilities is to impair greatly the openness of the system. It is probable that political finance will be computerized eventually, and it is preferable that this be done in a manner that will best enhance public access.

CONCLUSION

Transparency of political financing is essential both to discourage the exercise of undue influence on elected officials and to achieve public confidence in the integrity of the political finance system. Openness entails more than simply making information available in a form designed without the needs of users in mind. Rather, it involves ensuring that adequate information is disclosed, that the information is arranged meaningfully and put in context, and that it is accessible. A further goal of a public disclosure system should be to stimulate interest among potential users in the information that is available.

Given limited resources and interest in political finance information, Elections Canada has made disclosed information available to those who have sought it. Some steps have also been taken to encourage journalists to make use of the information available. This has yielded occasional coverage of political finance in the mass media and some academic study of the subject. It is clear, however, that there is potential for increased attention to the subject if the disclosed information is more complete and more readily available. The experience in other jurisdictions, particularly in the United States, suggests that a more comprehensive, timely and accessible disclosure system would encourage greater scrutiny of political finance. It is also apparent that there is potential to make disclosed information more readily accessible to interested members of the public in the form of Elections Canada documents.

An optimal disclosure system would disclose all relevant information about contributions and expenses to all political actors. Information would be disclosed in a timely fashion and would be available to the public, journalists and researchers in formats that maximized accessibility. The disclosure provisions administered by the American FEC and the New York City Campaign Finance Board approximate this situation.

In Canada, however, demand for disclosed information is not as great, and the regulatory regime is not as dependent on timely disclosure as is its American counterpart. The ideal path for Canada, then, lies between the minimalist disclosure requirements of the United Kingdom or New Zealand and the comprehensive disclosure requirements of the American jurisdictions. By increasing the scope and comprehensiveness of Canadian disclosure provisions, making disclosure more timely, and improving the format of the disclosed information, the Canadian political system can become more open to public scrutiny. If the transparency of the Canadian system is improved in these ways, public understanding of and confidence in the Canadian political system can only be enhanced.

ABBREVIATIONS

am.	amended
c.	chapter
Pub. L.	Public Law (U.S.)
R.S.C.	Revised Statutes of Canada
s(s).	section(s)
S.C.	Statutes of Canada
S.N.B.	Statutes of New Brunswick
S.O.	Statutes of Ontario
U.S.	United States Supreme Court Reports

NOTES

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I would like to thank those (listed in "Interviews" following these notes) who agreed to be interviewed for this research study, as well as Leslie Seidle for his guidance and helpful comments throughout its preparation. The comments of two anonymous reviewers are also gratefully acknowledged.

1. Brief presented to the Royal Commission on Electoral Reform and Party Financing by the Fédération professionnelle des journalistes du Québec.
2. Among the Barbeau Committee's recommendations on disclosure that were not adopted were disclosure of the address of contributors; disclosure of the total value of contributions from foreign sources; registration of all canvassers and others who solicit donations or funds on behalf of a national party; disclosure by broadcasters of free, subsidized and paid time for parties during an election; and disclosure by publishers of newspapers and periodicals of advertising space sold to parties.
3. British Columbia and Nova Scotia require both parties and candidates to report their expenses; Newfoundland requires only candidates to report.
4. In provinces where local associations are registered (Alberta, New Brunswick, Ontario and Quebec), these associations are also required to report contributions and expenditures regularly: twice a year in New Brunswick and annually in the three other provinces.
5. Despite the stringent reporting requirements in the American system, there are numerous ways of channelling money to candidates – particularly incumbents – without having to report. These include soft money, honoraria to the member or to the member's staff or favourite charity, travel for the member or for the member's family or staff, employment of member, and contributions to caucus funds and local district committees.
6. PACs and party committees are given the option of filing monthly reports due 20 days after the last day of the previous month. Monthly filers are not required to file pre-election reports for primaries; they file pre– and post–general election reports in lieu of their monthly reports in October and November of election years. This option is helpful for committees contributing to candidates in several states, because primary elections are held on different dates in different states, and the pre-primary filing becomes arduous.
7. Although PACs file directly with the FEC, candidate committees file with the clerk of the House of Representatives in the case of House races, and with the secretary of the Senate in the case of Senate races. The information is then passed on to the FEC.
8. The magnitude and complexity of the information available is such that efforts have been made outside the FEC to process it to increase its accessibility. Using information from the FEC, Larry Makinson of the Center for Responsive Politics compiled a volume entitled *The Price of Admission: An Illustrated Atlas of Campaign Spending in the 1988 Congressional Elections.* This volume presents the FEC's data in the form of graphs, charts and

maps to develop a fairly complete picture of the nature of political finance in the United States, as well as the relationship between campaign finance, incumbency and election results (Makinson 1989).

A commercial enterprise, Political Contributions Data Inc. (PCD), is making the FEC's information publicly available in a more accessible computerized form. This company provides compilations of FEC data organized by congressional district and by employer. The market for this information identified by PCD is public interest and non-profit groups, researchers and journalists. In a case still before the courts, the FEC is attempting to prevent PCD from selling this information on the grounds that the *Federal Election Campaign Act* prohibits use of FEC data for commercial purposes.

9. The ensuing comments are based on selected articles regarding political finance drawn from the following newspapers: *Calgary Herald, Globe and Mail,* Halifax *Chronicle Herald, La Presse, Le Devoir, Le Droit, Ottawa Citizen,* Regina *Leader Post, Toronto Star, Toronto Sun, Vancouver Sun, Windsor Star* and *Winnipeg Free Press.*

10. The 1989 *Report of the Chief Electoral Officer* (Canada, Elections Canada 1989, 39) recommended that the *Canada Elections Act* be amended to require that registered agents of registered parties maintain accounts in accordance with generally accepted accounting principles, and that the auditor appointed by a registered party be required to make a report to the chief agent of the party stating whether the return presents the information fairly, in accordance with generally accepted accounting principles.

11. A private member's motion is not binding on the House, nor does it necessarily reflect the opinion of members, as debate on these motions tends to be poorly attended.

12. Eight Canadian provinces require some form of public disclosure of contributions. Nova Scotia requires only that the total amount of all contributions be disclosed.

13. The distributions shown in figure 1.2 are based on a random sample of pages from the 1989 "Annual Fiscal Returns."

14. This would reduce some of the confusion over the NDP's financing, since the financial, and other, organization of the NDP's provincial and federal wings is considerably more integrated than that of other parties.

15. Discussions of the ad hoc committee (composed of representatives of the three major parties meeting in private), after the 1974 Act was adopted, led to the *Guidelines* on election expenses being issued by the chief electoral officer before the 1979 election.

16. Stanbury (1991) reports that beginning with the data for 1990, which is filed with the CEO in June 1991, the parties will provide data in a machine-readable form, and copies in this format will be available to the public.

17. If candidates are given the option of filing electronically, consideration might be given to making candidate returns part of the database.

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2

SOME EVIDENCE ON THE EFFECTS OF INCUMBENCY IN THE 1988 CANADIAN FEDERAL ELECTION

Michael Krashinsky
William J. Milne

BACKGROUND DISCUSSION

THE INFLUENCE OF incumbency on election results has been the subject of much investigation in both Canada and the United States. In the United States, the remarkable success of incumbents in recent years has been viewed with alarm by some analysts. Incumbents seldom lose, [illegible] the advantage of incumbency has been seen to be growing over time.[1]

In Canada, incumbents are also often successful in winning re-election. For example, in 1988, 219 incumbents elected in 1984 ran for re-election[2] and 161 (or 73.5 percent) won.[3] But this rate of success has not been growing over time (Krashinsky and Milne 1985b).

If the incumbency advantage is too large, then there is little new blood in the legislature after each election. The inability to defeat incumbents can frustrate voters and make the system unresponsive to significant shifts in public opinion (although one reason why U.S. incumbents are so powerful is their ability to poll their constituents and vote according to local preferences). On the other hand, if the incumbency advantage is too small, there is little incentive for incumbents to serve their constituents (since incumbents will rise and fall with their party and their constituency profile will have little influence on how their constituents vote). This can result in a lack of continuity in the legislature. In the Canadian context, it would mean that parties would have few experienced members on whom to draw when the party won and had to form a government. What is unclear, of course, is the optimal size of the incumbency advantage. This study does not address this normative issue, but instead attempts to measure the incumbency effect and discuss its relationship to other key variables.

It is hardly surprising that incumbents are successful. After all, by definition, they are running in ridings where a significant number of voters have supported their party. Unless their party is losing votes dramatically across the country, we would expect the party to hold on to most of its seats (and thus for most incumbents, especially those who won by large margins in the past, to win re-election). Only when voters turn against a party would we expect incumbents to lose, and only in large numbers when the vote shift is dramatic. Thus, it is not surprising that about three-quarters of the incumbents running in 1988 were re-elected.

Incumbents also have some advantages over nonincumbents that go beyond the factor discussed above. If we consider those ridings held by a specific party when it enters an election, we find that the party has more success when its incumbents run again than when the incumbents retire and new candidates are found.

We have measured this incumbency advantage more precisely in some of our earlier work and have found the effect to be statistically significant. In three Ontario elections (1971, 1977 and 1981), we found that having an incumbent running for re-election added between 6 and 12 percentage points to the popular vote for the incumbent's party in that riding. In federal elections between 1957 and 1980, incumbency was also a significant factor, being worth an average of between 3.4 and 4.3 percentage points for the three main parties. A further study of the 1984 federal and 1985 Ontario provincial elections confirmed the earlier results, with incumbency being worth an average of between 4.7 and 7.4 percentage points for the three parties federally and between 6.8 and 11.0 percentage points provincially. However, none of our work found a significant increase over time in the effect of incumbency (Krashinsky and Milne 1983, 1985a, 1986).

The difference between the United States and Canada (incumbency has been becoming more important in the former but not in the latter) may have its roots in the fundamental differences between the U.S. congressional system and the Canadian parliamentary system. In Canada, a vote for an MP is simultaneously a vote for the party leader (since, of course, the prime minister is the party leader who can obtain the support of the majority of elected MPs); in the United States, members of Congress are elected separately from the president and to some extent serve to balance presidential power.

Incumbents in both countries have benefited from the increased resources available to sitting members. However, the growing sophistication of central campaigning in Canada (including the use of television) has probably overcome any increased benefit to incumbents, a counterweight that has not proven effective in the United States.

Also, those increasing resources available to incumbents might be expected to have less impact in Canada, where the chief executive is elected through the local members. Furthermore, severe limits on electoral spending in Canada have reduced the extent to which incumbents can exploit their access to campaign funds during an election.

The constancy of the incumbency effect over time in Canada makes us less concerned about the issue of how governments respond to voters. Clearly, the Canadian experience suggests that the incumbency effect has not restrained the ability of Canadian voters to get rid of unwanted governments. The more important political impact may be the fact that the incumbency effect builds inertia into the political system, protecting experienced MPs and their parties from being wiped out when their support declines temporarily. For example, federal Social Credit members were re-elected even as their party was disappearing as a federal force.

This study extends our earlier work by examining the influence of incumbency in the 1988 Canadian federal election. This election, however, was different in a number of ways from the earlier ones we studied.

First, the 1988 election followed a redistribution. In our earlier studies, we did not examine elections that followed redistribution, because incumbency becomes more problematic in such elections. Incumbents might be assumed to have an electoral advantage, in part because of the particular service they render to their ridings between elections and in part because of name recognition. Thus, some of the advantage might be assumed to disappear when incumbents run in new ridings, where at least some of the voters have not seen their names on the ballot before.

For example, if an incumbent's riding changed significantly (so that, for example, 30 percent of the voters in the current election were not in the incumbent's riding in the previous election), is it reasonable to expect the incumbency effect to be the same as for other incumbents whose ridings were left largely unchanged? Moreover, in the extreme, when the number of seats in a province declines, it is possible to have incumbents end up facing each other. Our earlier studies ignored these problems by leaving out the elections that followed redistribution.

Thus, incumbency could be captured by a 0–1 dummy variable (zero, when there was no incumbent; one, when an incumbent was running for the party in question).

This study focuses on the 1988 election, which followed redistribution. We handle the issues discussed above by constructing a variable that measures the percentage of the voters in an incumbent's new riding who lived in the incumbent's previous riding in the previous election. The study will consider whether such an approach captures the incumbency effect or whether the previous approach (giving all incumbents the same incumbency effect, whether or not the incumbent is still facing voters from the previous riding) is preferable.

This result will also give some insight into the root of the incumbency advantage. If this advantage is based on the service the incumbent has done for members of the riding (in the sense that those who have been helped or have friends who have been helped are more likely to vote for the incumbent), then the incumbency effect should depend on the proportion of the 1988 voters who were in the incumbent's previous riding. On the other hand, if the incumbency advantage is based only on name recognition and visibility, then the incumbency effect should accrue equally to all incumbents, independent of the proportion of voters carried over from the previous riding.

The second factor that makes the 1988 federal election different from some previous elections is the extent to which it was dominated by a single issue (in this case, free trade). One might expect incumbency effects to be less important in single-issue elections.

The third factor that singles out the 1988 election is that it was the first federal election in 35 years in which a majority government was given a second majority. This in itself makes the election worthy of detailed study. This election also featured significant variation among the regions of Canada. Conservative support in Quebec held and even increased at the same time as the party lost support outside Quebec. A study of incumbency in a regional context is thus particularly apt.

Specifically, the question is whether the incumbency effect differed significantly for each party in different regions. Did Conservative incumbents have a stronger advantage in Quebec, where the party held its voters, than incumbents had in other regions where party strength eroded?

The study also looks at several issues that, although they are not peculiar to the 1988 election, we have not explored previously. We examine whether riding size influences the incumbency effect. Presumably, having more voters in a riding might reduce the incumbency effect if it were based on personal services rendered by incumbents (since an incumbent who helps a certain number of constituents would have helped a smaller percentage of a riding with more voters). On the other hand, if the incumbency advantage is based only on reputation and name recognition, then riding size ought not to be important.

We are also interested in whether voter density (voters per square kilometre) and the rural versus urban nature of the riding influence the incumbency advantage. Incumbents can be more visible and personally available to voters in denser, more urban ridings, and constituency offices in those ridings can be more accessible. This might make the incumbency effect larger in more concentrated ridings. On the other hand, rural (less dense) ridings might have a greater sense of community and of identification with an incumbent.

Finally, we examine how voter turnout is connected to incumbency. Popular incumbents might attract a greater turnout than unpopular incumbents, so that allowing for turnout might decrease the "baseline" incumbency effect. Alternatively, unpopular incumbents might attract more voters who are angry about the incumbents' records.

The next section of this study describes the random-coefficients model used to analyse incumbency. Following that is a section headed "The Data," which discusses how the data set used in the analysis was constructed. Next comes "The Results," which describes the results of applying the model to the data from the 1988 election and discusses the implications of those results. A final section summarizes our major findings.

The reader who is not particularly interested in the details of the econometric model used might skip to "The Data." The reader interested only in the results might go directly to "The Results." Finally, the reader interested only in an executive summary of the results might turn all the way to the concluding section.

THE MODEL

The model we have been using attempts to explain the proportion of the popular vote received by a particular party in each constituency. Pooling all the constituencies allows us to use regression techniques to estimate appropriate coefficients. The use of an incumbency variable will then test the influence of incumbency on the outcome, and varying the model will allow us to perform statistical tests on various hypotheses. This model is used in our earlier work, but we shall also explain it here.

We begin by dividing the electorate in a particular constituency into those who voted for the party in question in the previous election and those who did not. If we ignore new voters (those reaching voting age or migrating into the area) and lost voters (those dying or moving away), and assume that everyone who voted before (or failed to vote) does so again, then the votes received by the party in the current election by definition may be written as:

$$X^j_i = (1 - d^j)X^j_{i-1} + c^jY^j_{i-1} \qquad (2.1)$$

where

X^j_i = number of votes for the party in question in constituency *j* in the *i*-th election;

Y^j_i = number of votes for all other parties in constituency *j* in the *i*-th election;

c^j = proportion of the voters for other parties in the previous election in constituency *j* who "convert" to the party in question in the *i*-th election in constituency *j*; and

d^j = proportion of the party's voters in the previous election in the *j*-th constituency who "defect" and vote for other parties in the *i*-th election in the *j*-th constituency (hence $1 - d^j$ is the proportion who do not defect).

Dividing equation (2.1) by total votes (the same in each election) yields:

$$P^j_{x,i} = (1 - d^j)P^j_{x,i-1} + c^jP^j_{y,i-1} \qquad (2.2)$$

where

$P^j_{x,i}$ = proportion of the vote received by the party in question in the *i*-th election in constituency *j*; and

$P^j_{y,i}$ = proportion of the vote received by all other parties in the *i*-th election in constituency *j*.

Subtracting $P^j_{x,i-1}$ from both sides of equation (2.2) and using the fact that $P^j_{y,i-1} = 1 - P^j_{x,i-1}$, we obtain the first difference equation:

$$\Delta P^j_{x,i} = c^j - (c^j + d^j)P^j_{x,i-1} \qquad (2.3)$$

Of course, given the assumptions above, equation (2.3) is an identity for each riding; that is, if we know c^j, d^j, and $P^j_{x,i-1}$, then we can obtain $\Delta P^j_{x,i}$ with certainty. But the aim is to estimate this relationship across the country, which we can do if we can assume that c^j and d^j are in some way consistent across ridings (or across some subgroup of ridings).

To do this, the most appropriate statistical model to use is a random-coefficients model,[4] which assumes that within each subgroup of ridings, the c^j and d^j are random variables distributed about some mean. An example will make this clearer. If, for example, we believed that the ridings in Ontario were an appropriate subgroup, we might estimate that 20 percent of the voters in Ontario who chose the Liberal party in the 1984 election changed their minds and voted for other parties in 1988, and that 30 percent of the voters in Ontario who chose other parties in 1984 changed their minds and voted Liberal in 1988. In terms of this model, that would mean that the mean value for c^j (conversions) for the Liberals would be 0.30 while the mean value for d^j (defections) for them would be 0.20. Of course, each riding would not have this precise value for c^j and d^j. Instead, we would expect that c^j and d^j would vary in each riding, and the random-coefficients model assumes that they vary randomly about the mean values (0.30 and 0.20 in this case).

The random-coefficients model is somewhat more complicated to estimate than the usual ordinary least squares model. However, it is our belief that random-coefficients models are generally more efficient in analysing cross-sectional data and that this is especially true in cases like this one, where the behavioural coefficients (c and d in this case) might reasonably be expected to vary across the data.

It is also useful at this point to understand what this simple version of the model implies for our predictions about the 1988 election. The model naturally predicts larger gains (or smaller losses) for the party in ridings where the party had not done that well in 1984 relative to ridings where the party had done quite well in 1984. From equation (2.3), we can see that the party share of the votes remains constant where that share is equal to $c^j/(c^j + d^j)$; the party gains votes where its share is less than that fraction, and it loses votes where its share exceeds that fraction.

Using our example (conversions at 30% and defections at 20%), we can see that the model predicts the Liberals to end up with 30% of the vote in ridings where they had no votes in the previous election, 40% where they had 20%, 50% where they had 40%, to stay at 60% where they had 60%, and to drop to 70% where they had 80%. This occurs because the party stands to lose more votes through defections where it had more votes in the previous election, and it stands to gain more votes through conversions where the opponents had more votes.

Counteracting this tendency (a sort of regression toward the mean) is the influence of factors like incumbency, which can now be seen as the ability of incumbents (who by definition were in strong ridings for the party in the previous election) to resist the natural tendency to lose votes. This is handled in the model by singling out incumbent ridings and inserting a dummy variable, the effect of which is to raise the conversion and defection coefficients (c^j and d^j) for ridings with incumbents.

Writing down the model explicitly:

$$\Delta P^j_{x,t} = \beta_0 + \beta_1 P^j_{x,t-1} + \sum_{h=1}^{k} \beta_{h+1} D^j_h \tag{2.4}$$

$$\beta_0 + \sum_{h=1}^{k} \beta_{h+1} D^j_h = c^j \tag{2.5}$$

$$\beta_1 = -c^j - d^j \tag{2.6}$$

$$c^j = c_j + w^j \tag{2.7}$$

$$d^j = \bar{d}_j + v^j \tag{2.8}$$

In equation (2.4), the β's are coefficients to be estimated, while the D^j_h are dummy variables for various subgroups of the seats (a dummy variable will be used for incumbency, for example). Equations (2.5) and (2.6) define the relationship between these coefficients and dummy variables and the original c^j and d^j. Equations (2.7) and (2.8) specify the structure of the error term implicit in equation (2.4): $\bar{c}_j$ and $\bar{d}_j$ are the expected values of c^j and d^j within the subgroup to which the seat j belongs, while w^j and v^j are independent random disturbance terms with means zero and standard deviations σ_w and σ_v respectively.

Before estimating this model using generalized least squares,[5] it is useful to discuss several underlying assumptions. First, of course, we impose a linear structure on the model, which would seem to rule out bandwagon effects that might increase c^j and d^j when $P^j_{x,t-1}$ is relatively large. When we introduced the square of $P^j_{x,t-1}$ into the model to test this, its coefficient was insignificant and the key results were unaffected, supporting this assumption.

We also looked for the nonlinearity explicitly by deleting $P^j_{x,t-1}$ from the model and replacing it with $(P^j_{x,t-1})^\gamma$. Using a nonlinear least squares technique, we estimated the value of γ and all other coefficients. Again, we could not reject the null hypothesis that γ was equal to one (at the 5 percent level) and, even more to the point, the other key results were unaffected.

A second assumption is that the population of voters does not change between elections. This is, of course, problematic. Some of those who voted in the previous election may die or move away or choose not to vote in the next election. Similarly, new voters become eligible by relocation or age, and those who did not vote before may choose to participate. However, so long as these changes are randomly distributed – that is, are not correlated with the variables included in the model – they will not bias the estimation of the coefficients (although, of course, they will increase the standard errors). We did insert turnout into the model and found it had no significant impact on our critical estimates.

A third assumption is that the dummy variables in equation (2.4) (which will include the critical variables for incumbency) affect the intercept and not the slope. Returning to equation (2.3), we can see that this would be appropriate only if the dummy variable is added on to c^j and subtracted from d^j in exactly the same way (so that it would exactly cancel out). This is not unreasonable; for example, incumbency might be expected both to increase a candidate's ability to attract voters who did not previously vote for the party (conversions, measured by c) and to decrease the likelihood that voters who previously supported the party might switch to other parties (defections, measured by d). The issue, however, is an empirical one, and when we introduced the dummies into the slope coefficients (which is the way we test whether incumbency affects the slope coefficients), we did not obtain significant results.

A fourth assumption is that the results in the current election depend only on variables in the previous election (and on the various estimated coefficients). Thus, in examining the 1988 election, we do not consider results in elections before 1984. In large part, this is because we cannot construct a data set for votes projected onto the 1988 boundaries for elections before 1984 (this technique is discussed below for the 1984 results). This, of course, makes it impossible to consider whether incumbents in "safe" seats (those which the incumbent's party held going into the 1984 election)[8] were more successful than incumbents in "new" seats (those which the incumbent's party had not held going into the 1984 election). However, although one might expect incumbents in "safe" seats to have the greater incumbency advantage, casual observation of the 1988 election suggests that this is not so. The Conservatives held virtually no safe seats in Quebec (whatever the definition of "safe") because the party had held virtually no seats in the province going into the 1984 election, yet it was in Quebec that the party had the most success in holding votes and seats in 1988. A more rigorous study of the issue, however, cannot be done at this time for the 1988 election.

A fifth assumption is that we have not omitted any variables that might affect our results. This assumption is critical in any statistical analysis. Of course, in practice, it is impossible to include all relevant variables in any analysis (which is why we cannot perfectly predict the outcomes in each riding). For example, we do not include variables for ethnicity or family income. But the key in any model is that the omitted variables are not correlated with the variables in the model. In this study, since we are interested in incumbency, it is crucial that any omitted variables are not correlated with incumbency. For example, if a particular party's incumbents held seats with a disproportionate number of high-income voters, and if high-income voters behaved differently from other voters in their conversion and defection coefficients, then the measured incumbency coefficient would pick up some of this "income" effect. This problem is common to all statistical analyses.

It is useful to understand how this model differs from the usual approach in the literature on incumbency. The latter generally compares the performance of nonincumbents and incumbents running for the same party in the same election, where "performance" is measured by how the candidate does relative to the party's vote in the previous election. Thus, if Liberal nonincumbents gained 3 percentage points in a particular election over the party's votes in the previous election, while Liberal incumbents gained 13 percentage points in that election, the literature would attribute the 10 percentage point difference to the impact of incumbency.

The random-coefficients model we have introduced behaves differently, largely because it is linked theoretically to the variables c^j and d^j. Other things being equal, we expect incumbents to perform differently in terms of percentage votes gained, even if there is no incumbency effect, because incumbents are generally in stronger ridings than nonincumbents. The incumbency effect shows up in the way it alters conversions and defections.

It is also interesting to observe what the model predicts about incumbents' success over time. If we use the example above (conversions at 30% and defections at 20% for the incumbents), we would expect a Liberal incumbent with 40% of the vote in the previous campaign to receive 50% of the vote this time; a Liberal incumbent with 50% of the vote in the previous campaign to receive 55% this time, and so on. However, if the coefficients remain stable over time, that same incumbent will stop having an increase in votes as the figure approaches 60%.[7]

Given this discussion, it is useful to compare our measure of the incumbency effect with the two standard measures in the U.S. literature (sophomore surge and retirement slump). The sophomore-surge approach assumes that virtually all the incumbency effect occurs in the first re-election bid and that little further advantage exists. Alford and Hibbing (1981) find most of the incumbency advantage occurring for sophomores, but with some further benefits in later re-election attempts. However, as we have suggested above, this fall-off is inevitable when one uses a more appropriate model of voter defection. Furthermore, the naturally larger gains of those with lesser-vote totals suggest that measures that compare the gains of incumbents and nonincumbents will tend to understate the incumbency advantage.

The retirement-slump approach simply measures fall-off when an incumbent retires. In our model, this would capture the incumbency effect only if the incumbent had been in office long enough to reach the steady state. Before that point, retirement slump would underestimate the incumbency effect (because incumbents would still be gaining votes if they ran again).[8]

In addition, because the dummy variable approach implicitly compares the performance of incumbents with the performance of all nonincumbents from the same party, we are combining two separate effects. Incumbents have the advantage of incumbency, and they also have the (obvious) advantage of not having to run against an incumbent (although in 1988, because of redistribution, there were two seats in which incumbents ran against each other). The retirement-slump approach measures only the first effect, since it compares the last result for the retiring incumbent with the votes received by the same party candidate after the incumbent retires (when that candidate obviously is not running against an incumbent). The sophomore-surge approach is picking up both effects (as are we), because it compares the incumbent's first re-election bid with the incumbent's first victory (when he or she may or may not have beaten an incumbent). We shall attempt to decompose our total incumbency effect into the two effects by a dummy variable that will control for "running against an incumbent."

THE DATA

Our previous study on Canadian incumbency omitted any election preceded by redistribution. This was necessary because our model predicts the change in votes for a particular party in each constituency, based on the votes previously received in that constituency. Since redistribution alters most constituencies, we had no reliable method for describing the change in vote percentage when boundaries changed.

Fortunately, Elections Canada did a simulation of the 1984 election using the new boundaries in effect in the 1988 election (these boundaries were set in the 1986 redistribution). This was done by determining which polling divisions from the 1984 ridings were transferred into each new (1988) riding, and by computing the 1984 votes for each party that were transferred into the new riding.

For example, the new (1988) riding of Willowdale in Ontario is made up of parts of two old (pre-1986) ridings: the old riding of Willowdale and the old riding of Don Valley East. To "construct" the new riding of

Willowdale, redistribution took polls 1 through 50, part of poll 59, and polls 70 through 247 from the old riding of Willowdale, and polls 35 through 58 and part of poll 125 from the old riding of Don Valley East (the poll numbers refer to the polling divisions from the 1984 election).

By examining the poll-by-poll results in 1984 (and by allocating the advance polls from each area proportionately), Elections Canada determined that there were 20 698 Conservative votes in 1984 in the polls transferred to the new riding from the old riding of Willowdale and 2 943 Conservative votes in 1984 in the polls transferred from the old riding of Don Valley East. The total of 23 641 Conservative votes is what we use as the votes in the previous election for the Conservatives in the new riding of Willowdale. Similarly, Elections Canada found 21 425 Liberal votes, 6 614 New Democratic Party votes, and 341 votes for other parties in the 1984 polls now making up Willowdale. Thus, we use these vote percentages (45.4% for the Conservatives, 41.2% for the Liberals, 12.7% for the NDP, and 0.7% for other parties) as the previous vote in Willowdale, even though of course the actual vote in the old riding of Willowdale in 1984 was somewhat different.

We used the same approach in constructing the incumbency dummy variable. In our previous work, this variable could take on only values of 1 or 0, depending on whether the party in question had an incumbent running in the election in that riding. In this study, the incumbency variable becomes a continuous variable on the interval [0,1].

Of course, if there is no incumbent, the incumbency dummy is still 0. But now, when an incumbent runs, the incumbency dummy takes on a value equal to the percentage of all electors from the incumbent's old riding who were transferred by redistribution to the new riding. Since two incumbents might run in the same riding, coming from two different old ridings that contributed polls to the new riding, it is possible for two parties to have non-0 incumbency dummies in a particular riding (this happened twice in 1988).

For example, in 1988 in Willowdale, John Oostrom ran for the Conservative party. Since he had been elected in 1984 for the Conservatives in the old riding of Willowdale, he was an incumbent. But since the Elections Canada simulation tells us that the new riding of Willowdale includes 60 305 electors from the old riding of Willowdale and 6 574 electors from the old riding of Don Valley East,[9] the incumbency dummy variable is assigned a value of 0.90 (60 305/66 879).

Dummy variables were also defined for each province. Including these in the regression has the effect of permitting conversions (the coefficient *c*) to differ among the provinces. Since we assume that higher conversions and lower defections go together, the slope coefficient, which is $-(c + d)$, does not vary among the provinces. We also amalgamated some of the smaller provinces into regions. In each case, incumbency was assumed initially to have the same effect across all provinces or regions, although we also tested the hypothesis that the incumbency effect differed among provinces (or regions).

A number of other variables were defined to determine how other factors affected the measured incumbency effect in this model. We included a variable for the total number of electors in each riding to see whether incumbents had a larger advantage when dealing with more or fewer electors. We also included a variable measuring the proportion of the electors who were in rural polls to examine whether the incumbency effect differed in rural and urban ridings; we also defined another variable measuring the density of electors in each riding (voters per square kilometre) to capture the rural (or spread-out) nature of the riding in another way (the hypothesis here is that incumbents can more easily service urban or more dense ridings, and thus the incumbency effect might be larger there).

We also defined another variable to measure turnout (the percentage of electors casting votes) to see whether incumbents had an advantage when fewer or more electors showed up to vote. Finally, we controlled for the influence of party leaders (which might be assumed to be different from that of other incumbents).

It should also be noted that we omitted certain ridings where specific events made this necessary. In particular, we omitted ridings where there had been a by-election between the 1984 and 1988 elections, since it was then problematic as to which data to use for the prior vote in the riding. We also examined whether it would be appropriate to omit ridings in which either the Liberals or the Conservatives finished below an independent or the candidate from another party, since we felt that these ridings were not ones in which the normal assumptions about conversion and defection would hold.

THE RESULTS

The "Basic" Results

We began by estimating our basic model (equations 2.4 to 2.8) for the 286 ridings in our adjusted sample (omitting as special the ridings with by-elections prior to the 1988 election or with independents having won in 1984, but not omitting ridings with significant fringe parties).[10] We included, in addition to the intercept and the 1984 vote proportion for the party in question, only the incumbency dummy variable and dummy variables for all the provinces (except Nova Scotia, to avoid overspecifying the model). The results are reported in table 2.1.

Table 2.1
Basic regression results for the 1988 Canadian federal election

	Liberal	Conservative	NDP
Intercept	0.219	0.020	-0.017
	(0.022)	(0.024)	(0.017)
Previous vote	-0.323	-0.273	-0.159
	(0.049)	(0.037)	(0.049)
Provincial dummies			
Newfoundland	-0.036	0.006	0.021
	(0.027)	(0.027)	(0.027)
Prince Edward Island	0.003	0.000	0.035
	(0.031)	(0.031)	(0.031)
New Brunswick	0.007	-0.022	-0.012
	(0.023)	(0.023)	(0.021)
Quebec	-0.168	0.125	0.082
	(0.017)	(0.017)	(0.017)
Ontario	-0.038	-0.011	0.042
	(0.017)	(0.017)	(0.016)
Manitoba	-0.003	0.023	0.001
	(0.023)	(0.022)	(0.020)
Saskatchewan	-0.166	0.025	0.133
	(0.023)	(0.022)	(0.021)
Alberta	-0.169	-0.023	0.077
	(0.022)	(0.019)	(0.019)
British Columbia	-0.128	-0.023	0.091
	(0.021)	(0.019)	(0.015)
Northwest Territories	-0.015	-0.026	0.108
	(0.056)	(0.058)	(0.047)
Incumbency dummy	0.121	0.035	0.043
	(0.016)	(0.008)	(0.015)
Adjusted R^2	0.699	0.773	0.362

Number of ridings = *(286)*

Notes: The omitted province is Nova Scotia (which has 11 ridings). Figures in parentheses under the estimated coefficients are standard errors.

In interpreting the results, it is important to keep in mind that the provincial dummy variables permit the conversion coefficient c and the defection coefficient d to differ among the various provinces. Thus, for the Liberals, the intercept tells us that in Nova Scotia (the omitted province), the conversion coefficient was 0.219, while the defection was 0.104. In Quebec, for example, the coefficient on the provincial dummy variable is –0.168 for the Liberals, meaning that the Liberal conversion coefficient is lower in Quebec than in Nova Scotia by 0.168 (that is, it is 0.051), while the Liberal defection coefficient is higher in Quebec than in Nova Scotia by 0.168 (that is, it is 0.272).

It is also important to keep in mind that these estimates are only estimates; that is, the "true" value for the coefficient is not likely to be exactly what the model predicts. There are, of course, standard statistical tests using the reported standard errors that tell us how "good" the estimates are. This is fortunate, since the model occasionally generates results that are not, strictly speaking, possible. For example, the NDP intercept is –0.017, suggesting that the conversion coefficient for the NDP in Nova Scotia is –0.017. Our model does not permit any reasonable interpretation for such a negative result. However, the standard error for this estimate is 0.017, so the coefficient cannot be said to be different from zero.[11] Examining the results in table 2.1 reveals that none of the defection or conversion coefficients is significantly negative (or significantly greater than one).

The results in table 2.1 confirm the general point that the 1988 election produced significantly different results across Canada. For example, the coefficient on Quebec was strongly positive for the Conservatives, representing their strong showing in that province (relative to the rest of the country). Similarly, the Liberals had strong negative coefficients on Quebec, Saskatchewan, Alberta, British Columbia and, to a lesser extent, Ontario, indicating their weak performance in those provinces (relative to the rest of the country). Finally, the NDP was relatively strong west of Manitoba and, to a lesser extent, in Quebec and Ontario.

To test, formally, the question of whether the provincial dummy variables add to the predictive ability of the model, we reran the basic equation for each party without the provincial dummies. Using the sums of the squared errors, we could calculate an *F*-statistic to test the hypothesis that all the provincial dummies in each election had the same coefficient (that is, that we should use a single constant for each election instead of a constant and 10 regional dummies). The *F*-statistic was 43.918 for the Liberals, 34.856 for the Conservatives and 14.453 for the NDP (10 restrictions and 273 unrestricted degrees of freedom in each case). In all three cases, we could reject (at virtually any level of significance) the null hypothesis that the provincial dummies all had the same coefficients.

Returning to table 2.1, the principal result is, of course, the size of the incumbency effect. Having an incumbent running in a riding was worth 12.1 percentage points to the Liberals; that is, having an incumbent running added 0.121 to the conversion coefficient (and subtracted 0.121 from the defection coefficient) for the Liberals. Thus, in Nova Scotia, the conversion coefficient *c* was raised from 0.219 to 0.340 by the presence of an incumbent, while the defection coefficient *d* was lowered from 0.104 to –0.017 (essentially zero) by the presence of an incumbent. In Quebec for the Liberals, *c* was raised from 0.051 to 0.172 and *d* was lowered from 0.272 to 0.151 by the presence of an incumbent. Similarly, incumbency was worth 3.5 percentage points to the Conservatives and 4.3 percentage points to the NDP.

In each case, the results are strongly significant. A *t*-test for each party shows that the incumbency coefficient is significantly different from zero at the 5 percent level of significance (in each case, the coefficient is more than two standard errors away from zero).

We also re-estimated this basic model using the simple ordinary least squares technique. There were only marginal changes in the results in table 2.1, and no result changed significantly. For example, the estimated coefficient on the incumbency variable was 0.119 for the Liberals, 0.036 for the Conservatives and 0.047 for the NDP.

How Has the Influence of Incumbency Changed over Time?

The Conservative and NDP results are consistent with our earlier findings about incumbency and Canadian elections. For the Conservatives, we found the incumbency effect in nine elections between 1957 and 1984 to average 3.59 percentage points (varying from a high of 7.0 in 1963 to a low of 1.0 in 1957). The result in 1988 (3.5 percentage points) is not significantly different from these earlier results. Similarly, for the Co-operative Commonwealth Federation/NDP, the incumbency effect between 1957 and 1984 averaged 4.62 percentage points (with a high of 8.2 in 1972 and a low of 1.6 in 1962). Again, the 1988 result of 4.3 is not significantly different from these earlier results.

However, the Liberal result of 12.1 percentage points in 1988 does seem to be different from the earlier results. Again, we found the Liberal incumbency effect running between 1.4 percentage points and 5.2 percentage points (with an average of 3.6 percentage points) between 1957 and 1984. All of these results are more than two standard errors below the 1988 estimate. Although we did not pool the results to perform a formal statistical test, the difference between 1988 and the previous elections suggests that we might reject the hypothesis that the 1988 result was the same for the Liberals as in our earlier studies.

We have no easy explanation for this result. One possibility is that the Conservative sweep in 1984 left only those Liberals with excellent local reputations. These members were particularly effective candidates in 1988. Another possibility is that Liberal incumbents benefited from strategic voting by those opposing free trade with the United States.

Was the Incumbency Effect the Same across Parties?

Not surprisingly, given the Liberal results, we also found that the incumbency effect was not the same across all three parties. Again, we reran our basic equation, constraining the incumbency coefficients to be the same for the three parties and ran an F-test on the sums of the squared error terms. The calculated F-value was 14.494 (817 unrestricted degrees of freedom, 2 restrictions), leading us to reject the hypothesis that the incumbency effect was the same across the three parties.

Decomposing the Incumbency Effect

We have observed in our earlier work that the results for the three parties are similar. The main reason is that incumbents generally have two advantages—they are themselves incumbents, and they do not usually have to run against incumbents. To decompose our incumbency effect into its two components (the advantage of being an incumbent and the advantage of not running against an incumbent), we reran the equations for each party, inserting the variable $INCO^{x}_{j,i}$, where:

$INCO^{x}_{j,i}$ = 1 if the candidate for the party in question (party x) is running against an incumbent in the j-th constituency in the i-th election; 0 otherwise.

The results are reported fully in table 2.2. It can be seen that the inclusion of *INCO* does not change the Liberal and NDP equations in any fundamental way. The intercept and slope coefficients stay virtually the same (meaning that the conversion and defection coefficients are essentially unchanged). What does happen is that the coefficient on incumbency drops somewhat when *INCO* is introduced, and that drop is roughly equal to the negative coefficient on *INCO*. Thus, for the Liberals, the 12.1 percentage point incumbency advantage that we found earlier becomes an 11.0 percentage point advantage for being an incumbent and a 1.3 percentage point advantage for not having to run against an incumbent. Similarly, for the NDP, the 4.3 percentage point incumbency advantage that we reported earlier is in fact a 3.9 percentage point advantage for being an incumbent and a 0.6 percentage point advantage for not having to run against an incumbent.

What appears to be most interesting is that the relatively small advantage in not having to run against an incumbent for both the

Table 2.2
Regression results for incumbents and those running against an incumbent in Canada

	Liberal	Conservative	NDP
Intercept	0.232 (0.024)	0.073 (0.029)	-0.011 (0.018)
Previous vote	-0.331 (0.049)	-0.354 (0.045)	-0.164 (0.050)
Provincial dummies			
Newfoundland	-0.035 (0.028)	0.016 (0.027)	0.021 (0.027)
Prince Edward Island	-0.080 (0.031)	[illegible] (0.030)	0.030 (0.031)
New Brunswick	[illegible] (0.032)	[illegible] [illegible]	[illegible] [illegible]
Quebec	[illegible] (0.017)	[illegible] (0.017)	[illegible] (0.017)
Ontario	[illegible] (0.017)	[illegible] (0.017)	0.041 (0.018)
Manitoba	-0.003 (0.023)	0.019 (0.021)	0.031 (0.020)
Saskatchewan	-0.168 (0.023)	0.023 (0.021)	0.133 (0.021)
Alberta	-0.173 (0.022)	-0.016 (0.021)	0.077 (0.018)
British Columbia	-0.131 (0.021)	-0.028 (0.019)	0.090 (0.019)
Northwest Territories	-0.026 (0.057)	-0.053 (0.058)	0.104 (0.048)
Incumbe[illegible]mies			
Incumbent running	0.110 (0.017)	0.026 (0.008)	0.039 (0.015)
Running against incumbent	-0.013 (0.008)	-0.038 (0.012)	-0.006 (0.007)
Adjusted R^2	0.701	0.786	0.381

Number of ridings = ([illegible])

Notes: The omitted province is Nova Scotia (which has 11 ridings). Figures in parentheses under the estimated coefficients are standard errors.

Liberals and the NDP occurs because Conservative incumbents had relatively little advantage. (Given the Conservative sweep in 1984, most of the incumbents that Liberals and New Democrats ran against were from the Conservative party.) The Conservative equation with *INCO* has the previously reported Conservative incumbency advantage of 3.5 percentage points becoming a 2.6 percentage point advantage for being an incumbent and a 3.8 percentage point advantage for not having to run against an incumbent. For the Conservatives, the two advantages do not add up (because there were so few incumbents from the other two parties), and the introduction of *INCO* also changes the intercept and the slope coefficients (and thus conversion and defection rates). In general, however, *INCO* does not change the coefficients on the provincial dummy variables. Thus, the conversion rate for the Conservatives is raised from 0.020 to 0.075 and the defection rate rises from 0.253 to 0.281.

The Impact of Turnout and Voter Density

We are also interested in the influence on the incumbency effect of voter turnout and the density of voters. This interest arises in part because the government rebate to candidates receiving 15 percent or more of the vote increases somewhat in more geographically spread-out ridings. Although in the past this was somewhat more arbitrary, the current legislation uses a definition based on voter density. An alternate way to measure voter density is by the percentage of a riding's polls that are rural (as opposed to urban).

We have no prior hypothesis on the influence of turnout, since voters might turn out in greater numbers to re-elect a popular incumbent or to throw out an unpopular one. On the other hand, one might expect voter density (voters per square kilometre, or "urban status") to have a positive impact on the incumbency effect, since the incumbency effect presumably arises from reputation and from service to the local community, both of which might be easier to achieve in a dense urban riding.

To test these, we introduced variables for turnout (the percentage of the eligible voters who cast ballots in each riding) and rural share (the proportion of the polls in rural areas) into the equation reported in table 2.1 (the one with the incumbency dummy variable but not *INCO*). The results are reported in the Appendix (table 2.A1). A higher turnout had a significant effect for the NDP, reducing the conversion rate and raising the defection rate. This is consistent with the popular wisdom, that the NDP is well organized and benefits when turnout is low. High turnouts helped the Liberals and had an insignificant (but positive) effect for the Conservatives.

Rural share had a significant influence for the Conservatives and the NDP, but not for the Liberals. More to the point, the inclusion of both variables had no significant impact on the incumbency effect. This is a strong result and suggests that the incumbency effect is robust and not easily affected by including or omitting other variables. It also suggests that rural share has no influence on the incumbency advantage. Thus, while incumbents do benefit from their reputation, the process of producing a good reputation does not seem to depend on whether the riding is spread out geographically.

This last point is important, so we replaced rural share with population density (voters per square kilometre). The results are reported in table 2.A2 in the Appendix. Density seemed to have a negative impact for the NDP (the significance was borderline at the 5 percent level) and to have no impact for the other parties, but again the key result is that the variable had no significant impact on the incumbency effect.

To test more explicitly the impact of population density on the incumbency effect, we reran our basic equation (which included dummy variables for only incumbency and the provinces), adding only the variable for rural share and another variable formed by multiplying incumbency and rural share (this latter composite variable corrected to reflect only fluctuations around its mean). A significant coefficient on this latter hybrid variable (incumbency times rural share) would indicate that the incumbency effect varied as rural share changed.

The results, reported in the Appendix in table 2.A3, show the same impacts on the intercept reported earlier. However, the hybrid variable did not have significant coefficients (although the coefficient for the NDP was significant at the 10 percent but not the 5 percent level). It should be noted that including this hybrid variable introduces a significant amount of multicollinearity into the model (between the hybrid variable and incumbency). This would normally increase the standard errors for the estimated coefficient, although the parameters are, of course, still unbiased.

The Impact of the Number of Voters in the Riding

We also wanted to examine the impact of the number of voters on the incumbency effect. Again, the working hypothesis is that incumbents have a relative advantage in smaller ridings, where they can get to meet and know more voters, and where news of a good deed might spread more rapidly. We tested the hypothesis by creating a variable measuring the number of electors in the riding and then adding to the basic equation both this variable and a variable formed by multiplying the number of electors by the incumbency variable (again corrected to reflect only deviations from the mean). Again, a significant coefficient on this variable would indicate that the incumbency effect changed as the number of electors changed.

The results, shown in the Appendix in table 2.A4, indicate that the Conservatives (and to some extent the Liberals) do better in ridings with more electors (the effect is significant at the 5 percent level for the Conservatives and of borderline significance for the Liberals), while the NDP does better when ridings have fewer electors (again, the effect is significant). However, the coefficients on the hybrid variable are all insignificant, indicating that the incumbency effect does not change when the number of electors changes.

Regional Effects Revisited

Since the incumbency effect seems so robust, it is interesting to examine whether it varies within one party among the regions. To test this, we divided the country into five regions (the Atlantic provinces, Quebec, Ontario, the Prairies and British Columbia) and tested whether or not the incumbency effect differed among the regions. For each party, we reran the basic equation with five regional dummies and with a separate incumbency variable in each region.

As expected, the regions had quite different conversion and defection coefficients. But the model also produced separate incumbency effects for each region (where the party had incumbents in that region, of course). We then restricted the incumbency coefficients to be the same across regions and performed an *F*-test to test the null hypothesis that there were no significant differences among the coefficients across the regions.

The calculated *F*-values were 1.080 for the Liberals, 1.179 for the Conservatives, and 0.310 for the NDP (275 degrees of freedom and 3 restrictions for the Liberals, 274 and 4 for the Conservatives, and 276 and 2 for the NDP). In each case, we cannot reject the null hypothesis that the incumbency effects are the same across the regions.

To examine this in a less scientific way, we reran our basic equation for each of the two largest provinces by themselves. In Ontario, the incumbency effect was 11.8 percentage points for the Liberals, 2.7 percentage points for the Conservatives and 2.6 percentage points for the NDP, while in Quebec the incumbency effect was 15.4 percentage points for the Liberals and 4.7 percentage points for the Conservatives (the NDP had no incumbents in Quebec). Although these results differ somewhat from the basic national results, the differences are not significant.

Is It Sensible to Redefine the Incumbency Variable?

We want to test the specification of our incumbency variable, which was defined in terms of the percentage of voters in the incumbent's new riding who were within the boundaries of the incumbent's old riding. To do this, we redefined the incumbency variable in the 0–1 way we had done in our past research (0 if no incumbent was running, 1 if an incumbent was running, no matter how the riding boundaries had changed). We then defined a second variable equal to the difference between the two incumbency variables and reran our basic equation (which we reported in table 2.1) with the original continuous incumbency variable and the new "difference" variable.

The goal was to determine which of the two incumbency variables is appropriate in this model. If the continuous incumbency variable used in this study dominates, then we would not expect the coefficient on the difference variable to be significantly different from zero. On the other hand, if the 0–1 incumbency variable (which essentially ignores redistribution) dominates, then the coefficient on the difference variable should not diverge significantly from the coefficient on the incumbency variable.

The results are reported in the Appendix in table 2.A5 and are ambiguous. For the Liberals, the difference variable has a statistically significant coefficient that is not significantly different from the coefficient on incumbency, suggesting that the 0–1 dummy might be more appropriate. In that case, the incumbency effect for the Liberals does drop somewhat to 9.8 percentage points, closer to our previous historical results. For the NDP, the reverse is true: the difference variable has a statistically insignificant coefficient that is significantly different from the coefficient on incumbency, suggesting that our continuous incumbency variable is more appropriate. Finally, for the Conservatives, the coefficient on the difference variable is of marginal significance (significant at the 10 percent but not the 5 percent level) and is not significantly different from the coefficient on incumbency. This lack of significance suggests no judgement about which variable is most appropriate.

As we observed earlier, if the incumbency effect depends on the proportion of the electorate who were in the incumbent's riding in the previous election, then service to the constituents produces the incumbency advantage. If the effect is independent of boundary changes, then the incumbency advantage is linked to name recognition (or to the voters' preference for experience). Our results on this point are ambiguous.

Should Party Leaders Be Treated Differently?

The incumbency effect measured in this study may have been artificially inflated by the presence in the sample of party leaders whose prestige and name recognition are well above those of most incumbents. To test this, we added a variable to each party's equation permitting the party leader to have a different incumbency effect.

The results are reproduced in the Appendix in table 2.A6. In each case, the coefficient is not significantly different from zero, leading us to reject the hypothesis that party leaders had a different incumbency effect in the 1988 election. Perhaps the relative absence of the party leader from his own constituency during the 1988 campaign compensated for the leader's greater visibility.

Is the Presence of Other Significant Parties a Problem?

Some of the ridings in Canada included candidates from outside the three largest parties. These include ridings in which the Reform Party performed particularly well in 1988, as well as some ridings with strong independents. To consider whether these ridings skew the incumbency effect, we reran our basic equation, taking out any riding in which total votes for "other" candidates (any candidates not representing the Liberals, Conservatives or NDP) exceeded the votes for either the Liberal or Conservative candidates in 1988.

The results are reported in the Appendix in table 2.A7. Seventeen ridings were removed, but the coefficient on the incumbency variable was not affected.

CONCLUSION AND SUMMARY OF RESULTS

The 1988 election was a dramatic one. The prime minister, elected in 1984 with the largest parliamentary majority in memory, had dropped precipitously in the polls between elections and faced a New Democratic Party that had led in the polls for the first time in history. A single issue – free trade – dominated the election, and the Liberal leader reversed his party's slide with an impressive performance in the leaders debates. In the election, the prime minister, although his party lost votes from the 1984 landslide, saw his majority government re-elected in a dramatic turnaround. The Conservatives' election of two successive majority governments represented the first time this had happened since the early 1950s.

In the face of these events, one might expect the incumbency advantage to decline. Faced with a dramatic single issue and a sharp contrast among the leaders, and with a media-centred leader-oriented campaign, voters might have been excused for neglecting loyalties to their sitting members. On the other hand, increasing resources available to sitting members, as well as the example of increasing security among incumbents in the United States, lead us to question whether incumbents might actually be gaining electoral advantage in Canada.

Our findings on this matter are consistent with our earlier studies of Canadian elections. Incumbents do have a historical advantage in

Canada, an advantage that has been worth an average of about 4 percentage points for each of Canada's three largest parties. The results in 1988 are consistent with these historical patterns for both the Conservatives and the NDP (the former, of course, had the largest number of incumbents running in 1988). Incumbency was worth about 3.5 percentage points to Conservative candidates and 4.3 percentage points to candidates from the NDP. However, for reasons that are not clear to us, Liberal incumbents had a much more dramatic advantage: the 12.1 percent advantage enjoyed by Liberal incumbents was well above historical norms. Thus, Liberal incumbents were very different in 1988 from incumbents from other parties.

The election was also strongly regional, with very different defection and conversion patterns among the regions for each party. Despite this, within any party incumbents had much the same advantage over nonincumbents as we moved across the regions of the country.

Theory suggests that the incumbency advantage is the result, at least in part, of loyalty engendered by the member of Parliament's services to the riding and to individuals in the riding, as well as to name recognition. However, despite the fact that these influences might be expected to depend partly on the concentration of voters in the ridings, on the rural versus urban nature of the riding, and on the size (number of voters) of each riding, none of these variables had much impact on the size of the incumbency effect. Neither did voter turnout, about which we had no prior hypothesis.

As we have found in the past, the incumbency advantage as measured is not a pure effect. Incumbents have the dual advantage of being incumbents and, in general, of not having to run against incumbents. The decomposition of the overall incumbency effect showed that both are important.

Finally, we found, in 1988 at least, that party leaders had no particular advantage over other incumbents and that significant votes for smaller parties had a negligible impact on the incumbency advantage.

In conclusion, we note that the incumbency advantage is a two-edged sword. If the incumbency advantage is too great, then governments (especially parliamentary governments) are hard to change, and thus can become unaccountable and unresponsive. On the other hand, if the incumbency advantage is too small, then governments, parties and Parliament lack continuity and experience, and dramatic shifts in parliamentary power are more likely.

Concern in the United States is for the former – that too much incumbency security makes government unresponsive and risks the electorate losing faith in its own authority. The Canadian incumbency effect does not seem to have had that impact. Canadian voters are able to change governments and leaders, and our incumbency effects serve primarily to provide some continuity to Parliament and some experience and security for established parties.

APPENDIX

Table 2.A1
Regression results – Turnout and rural share, Canada

	Liberal	Conservative	NDP
Intercept	0.167	-0.011	0.108
	(0.048)	(0.046)	(0.041)
Previous vote	-0.343	-0.231	-0.128
	(0.050)	(0.039)	(0.049)
Provincial dummies			
Newfoundland	-0.027	0.014	0.006
	(0.027)	(0.027)	(0.025)
Prince Edward Island	-0.001	0.001	0.051
	(0.031)	(0.031)	(0.030)
New Brunswick	0.008	-0.022	-0.013
	(0.023)	(0.023)	(0.021)
Quebec	-0.172	0.115	0.094
	(0.017)	(0.017)	(0.016)
Ontario	-0.043	-0.021	0.050
	(0.017)	(0.017)	(0.015)
Manitoba	-0.008	0.020	0.002
	(0.023)	(0.021)	(0.019)
Saskatchewan	-0.172	0.025	0.134
	(0.023)	(0.022)	(0.020)
Alberta	-0.177	-0.039	0.085
	(0.023)	(0.021)	(0.017)
British Columbia	-0.139	-0.032	0.102
	(0.021)	(0.019)	(0.018)
Northwest Territories	-0.008	-0.006	0.087
	(0.056)	(0.058)	(0.045)
Turnout	0.090	0.038	-0.197
	(0.055)	(0.054)	(0.048)
Rural share	-0.016	-0.032	0.032
	(0.011)	(0.011)	(0.009)
Incumbency dummy	0.124	0.033	0.037
	(0.016)	(0.008)	(0.014)
Adjusted R^2	0.703	0.779	0.426

Number of ridings = *(286)*

Notes: The omitted province is Nova Scotia (which has 11 ridings). Figures in parentheses under the estimated coefficients are standard errors.

Table 2.A2
Regression results – Population density, Canada

	Liberal	Conservative	
Intercept	0.219 (0.023)	0.020 (0.024)	-0.018 (0.017)
Previous vote	-0.323 (0.049)	-0.274 (0.038)	-0.152 (0.049)
Provincial dummies			
Newfoundland	-0.036 (0.027)	0.006 (0.027)	0.021 (0.026)
Prince Edward Island	0.003 (0.031)	0.000 (0.031)	0.036 (0.031)
New Brunswick	0.007 (0.023)	-0.022 (0.023)	-0.012 (0.022)
Quebec	-0.168 (0.017)	0.125 (0.017)	0.086 (0.017)
Ontario	-0.038 (0.017)	-0.011 (0.017)	0.043 (0.016)
Manitoba	-0.003 (0.023)	0.023 (0.022)	0.002 (0.020)
Saskatchewan	-0.166 (0.024)	0.025 (0.022)	0.132 (0.021)
Alberta	-0.170 (0.022)	-0.023 (0.021)	0.078 (0.018)
British Columbia	-0.128 (0.021)	-0.023 (0.019)	0.090 (0.019)
Northwest Territories	-0.015 (0.057)	-0.027 (0.058)	0.107 (0.047)
Population density	0.001 (0.007)	-0.002 (0.007)	-0.013 (0.007)
Incumbency dummy	0.120 (0.016)	0.035 (0.008)	0.042 (0.015)
Adjusted R^2	0.698	0.772	0.368

Number of ridings = *(286)*

Notes: The omitted province is Nova Scotia (which has 11 ridings). Figures in parentheses under the estimated coefficients are standard errors. Population density is measured as population per square kilometre. The reported estimated coefficient and standard error are multiplied by 10^4.

Table 2.A3
Regression results – Interaction with rural share, Canada
(corrected for the mean)

	Liberal	Conservative	NDP
Intercept	0.229	0.007	-0.034
	(0.023)	(0.024)	(0.017)
Previous vote	-0.341	-0.230	-0.097
	(0.050)	(0.040)	(0.050)
Rural share	-0.015	-0.032	0.032
	(0.011)	(0.017)	(0.010)
Provincial dummies			
Newfoundland	-0.024	0.011	0.018
	(0.027)	(0.027)	(0.026)
Prince Edward Island	0.006	0.005	0.034
	(0.031)	(0.031)	(0.026)
New Brunswick	0.010	-0.022	-0.014
	(0.023)	(0.023)	(0.021)
Quebec	-0.174	0.115	0.096
	(0.017)	(0.017)	(0.017)
Ontario	-0.045	-0.021	0.050
	(0.017)	(0.017)	(0.016)
Manitoba	-0.010	0.019	0.002
	(0.023)	(0.021)	(0.021)
Saskatchewan	-0.171	0.026	0.120
	(0.023)	(0.021)	(0.021)
Alberta	-0.178	-0.040	0.086
	(0.023)	(0.021)	(0.018)
British Columbia	-0.136	-0.031	0.087
	(0.021)	(0.019)	(0.019)
Northwest Territories	-0.011	-0.006	0.085
	(0.056)	(0.059)	(0.046)
Incumbency dummies			
Incumbent	0.123	0.034	0.038
	(0.016)	(0.008)	(0.015)
(Incumbent) x (rural share)	-0.044	-0.003	0.068
	(0.037)	(0.023)	(0.038)
Adjusted R^2	0.778	0.397	

Number of ridings = *(286)*

Notes: **The omitted province is Nova Scotia (which has 11 ridings). Figures in parentheses under the estimated coefficients are standard errors.**

Table 2.A4
Regression results – Interaction with number of electors, Canada
(corrected for the mean)

	Liberal	Conservative	NDP
Intercept	0.220	0.029	-0.018
	(0.023)	(0.024)	(0.017)
Previous vote	-0.322	-0.290	-0.154
	(0.049)	(0.037)	(0.049)
Electors	0.005	0.011	-0.007
	(0.003)	(0.004)	(0.003)
Provincial dummies			
Newfoundland	-0.029	0.014	0.014
	(0.027)	(0.027)	(0.027)
Prince Edward Island	0.021	0.032	0.011
	(0.033)	(0.032)	(0.033)
New Brunswick	0.011	-0.016	-0.018
	(0.023)	(0.023)	(0.022)
Quebec	-0.172	0.121	0.085
	(0.017)	(0.017)	(0.016)
Ontario	-0.042	-0.016	0.045
	(0.017)	(0.021)	(0.016)
Manitoba	-0.001	0.027	-0.004
	(0.023)	(0.022)	(0.020)
Saskatchewan	-0.161	0.032	0.124
	(0.024)	(0.020)	(0.021)
Alberta	-0.172	-0.022	0.078
	(0.023)	(0.020)	(0.018)
British Columbia	-0.131	-0.027	0.092
	(0.021)	(0.019)	(0.019)
Northwest Territories	0.009	0.023	0.075
	(0.058)	(0.060)	(0.049)
Incumbency variables			
Incumbent	0.129	0.036	0.028
	(0.017)	(0.008)	(0.017)
(Incumbent) x (electors)	0.010	-0.005	-0.014
	(0.012)	(0.006)	(0.013)
Adjusted R^2	0.702	0.779	0.377
Number of ridings = *(286)*			

Notes: The omitted province is Nova Scotia (which has 11 ridings). Figures in parentheses under the estimated coefficients are standard errors.

Table 2.A5
Regression results – Continuous incumbency variable and the difference between (0,1) incumbency and the continuous incumbency variable, Canada

	Liberal	Conservative	NDP
Intercept	0.229	0.024	-0.017
	(0.023)	(0.024)	(0.017)
Previous vote	-0.347	-0.283	-0.157
	(0.050)	(0.037)	(0.050)
Provincial dummies			
Newfoundland	-0.038	0.004	0.021
	(0.026)	(0.027)	(0.027)
Prince Edward Island	0.003	0.003	0.036
	(0.030)	(0.031)	(0.031)
New Brunswick	0.006	-0.020	-0.012
	(0.023)	(0.023)	(0.022)
Quebec	-0.173	0.124	0.082
	(0.017)	(0.017)	(0.017)
Ontario	-0.042	-0.012	0.042
	(0.017)	(0.017)	(0.016)
Manitoba	-0.008	0.016	0.002
	(0.023)	(0.022)	(0.020)
Saskatchewan	-0.172	0.019	0.135
	(0.023)	(0.022)	(0.021)
Alberta	-0.177	-0.023	0.077
	(0.022)	(0.021)	(0.018)
British Columbia	-0.135	-0.024	0.091
	(0.021)	(0.019)	(0.019)
Northwest Territories	-0.019	-0.027	0.107
	(0.056)	(0.058)	(0.047)
Incumbency dummies			
Incumbent	0.109	0.034	0.045
	(0.017)	(0.008)	(0.015)
Difference	0.068	0.041	-0.023
	(0.031)	(0.024)	(0.033)
Adjusted R^2	0.703	0.774	0.361
Number of ridings = *(286)*			

Notes: The omitted province is Nova Scotia (which has 11 ridings). Figures in parentheses under the estimated coefficients are standard errors.

Table 2.A6
Regression results – Leaders, Canada

	Liberal	Conservative	NDP
Intercept	0.218 (0.023)	0.089 (0.024)	-0.017 (0.017)
Previous vote	-0.322 (0.050)	-0.271 (0.037)	-0.159 (0.049)
Party leaders	-0.003 (0.053)	-0.018 (0.057)	-0.002 (0.043)
Provincial dummies			
Newfoundland	-0.037 (0.027)	0.006 (0.027)	0.021 (0.027)
Prince Edward Island	0.003 (0.031)	0.000 (0.031)	0.035 (0.031)
New Brunswick	0.007 (0.023)	-0.022 (0.023)	-0.012 (0.022)
Quebec	-0.168 (0.017)	0.125 (0.017)	0.082 (0.017)
Ontario	-0.038 (0.017)	-0.011 (0.017)	0.042 (0.016)
Manitoba	-0.003 (0.023)	0.023 (0.022)	0.001 (0.020)
Saskatchewan	-0.166 (0.024)	0.025 (0.022)	0.133 (0.021)
Alberta	-0.169 (0.022)	-0.023 (0.021)	0.077 (0.018)
British Columbia	-0.127 (0.021)	-0.023 (0.019)	0.091 (0.019)
Northwest Territories	-0.015 (0.057)	-0.026 (0.058)	0.106 (0.047)
Incumbency dummy	0.121 (0.016)	0.035 (0.008)	0.043 (0.015)
Adjusted R^2	0.698	0.772	0.360

Number of ridings = *(286)*

Notes: The omitted province is Nova Scotia (which has 11 ridings). Figures in parentheses under the estimated coefficients are standard errors.

Table 2.A7

Regression results – Eliminating Canadian ridings in which candidates from smaller parties received more votes than Liberals or Conservatives

	Liberal	Conservative	NDP
Intercept	0.221	0.017	-0.014
	(0.023)	(0.024)	(0.017)
Previous vote	-0.330	-0.266	-0.179
	(0.051)	(0.038)	(0.051)
Provincial dummies			
Newfoundland	-0.036	0.006	0.019
	(0.027)	(0.027)	(0.027)
Prince Edward Island	0.003	0.000	0.034
	(0.031)	(0.031)	(0.031)
New Brunswick	0.007	-0.022	-0.013
	(0.024)	(0.023)	(0.022)
Quebec	-0.168	0.125	0.081
	(0.018)	(0.017)	(0.017)
Ontario	-0.038	-0.011	0.042
	(0.017)	(0.017)	(0.016)
Manitoba	-0.004	0.023	0.003
	(0.023)	(0.022)	(0.020)
Saskatchewan	-0.167	0.025	0.136
	(0.024)	(0.022)	(0.021)
Alberta	-0.151	-0.021	0.110
	(0.028)	(0.024)	(0.022)
British Columbia	-0.128	-0.020	0.093
	(0.021)	(0.019)	(0.019)
Northwest Territories	-0.016	-0.026	0.110
	(0.058)	(0.058)	(0.048)
Incumbency dummy	0.122	0.034	0.047
	(0.016)	(0.008)	(0.015)
Adjusted R^2	0.701	0.748	0.377
Number of ridings = *(269)*			

Notes: The omitted province is Nova Scotia (which has 11 ridings). Figures in parentheses under the estimated coefficients are standard errors.

NOTES

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1. For a discussion of the size of the incumbency effect in the United States, see Erikson (1971), Cover (1977), Payne (1980), Born (1979) and Jacobson (1987).

2. For reasons discussed later in the paper, we ignored ridings with by-elections between 1984 and 1988.

3. There were 29 Liberal incumbents running, of whom 25 won; 164 Conservative incumbents running, of whom 116 won; and 26 NDP incumbents running, of whom 20 won.

4. This model is described technically in Hildreth and Houck (1968).

5. The usual ordinary least squares technique that might be applied to equation (2.4) is not appropriate, because the error terms do not have constant variances. Rewriting equation (2.4):

$$\Delta P^j_{x,i} = \bar{c}^j - (\bar{c}^j + \bar{d}^j)P^j_{x,i-1} + w^j - (v^j + w^j)\,P^j_{x,i-1}$$

   we can see that the error term is now $[\, w^j - (v^j + w^j)P^j_{x,i-1} \,]$, which has mean zero but a standard deviation that depends on $P^j_{x,i-1}$ and σ_w and σ_v. While the random-coefficient technique is in theory quite complicated, it can be simplified considerably by assuming that σ_w and σ_v are roughly the same and that v^j and w^j are uncorrelated. This is not unreasonable, given the definitions of c^j and d^j, and, in any case, we found that the results are relatively insensitive to reasonable variations in σ_w / σ_v.

6. Alternative definitions might classify as "safe" those seats that had been held by the party for several elections in a row prior to 1984 or those that had been won with significant margins for several elections in a row.

7. This avoids the theoretical problem in simple models that measure the incumbency advantage as the difference between the average gain in vote percentage by incumbents and the average gain in vote percentage by nonincumbents. Such models implicitly suggest that incumbents will continue to gain votes over time as long as their party gains votes (in fact, incumbents will gain more votes than their party), which in theory would have the incumbent receiving more than 100 percent of the vote after enough time had passed.

8. In the example in the text, where $\beta_0 = 0.3, \beta_1 = -0.5$, and the coefficient on incumbency is 0.1, the change in vote would be 0 for an incumbent and –0.1 for a nonincumbent (replacing a retiring incumbent) only if the vote in the previous election had reached 80 percent. If the previous vote was still at 70 percent (below the steady state), the change in vote for the nonincumbent would be –0.05, while the gain in the vote for the incumbent would be 0.05.

In this case, retirement slump would (under)estimate the incumbency effect as 0.05 instead of 0.10.

9. There were more electors than actual votes, since of course not all electors in 1984 actually voted.

10. These "special" ridings were St. John's East, Terrebonne, Rosemont, Hamilton Mountain, Markham, Etobicoke–Lakeshore, St. Albert, Western Arctic and Yukon.

11. In technical language, we cannot reject, at the 5 percent level of significance, the hypothesis that the coefficient is zero.

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3

OFFICIAL AGENTS IN CANADIAN ELECTIONS

The Case of the 1988 General Election

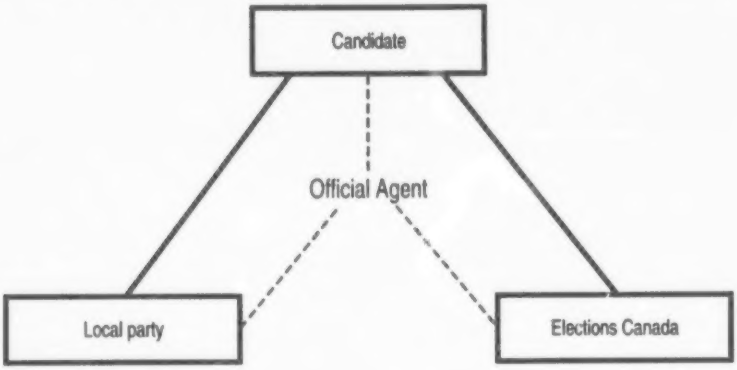
R.K. Carty

THE CANDIDATE'S OFFICIAL agent is a critical player in the Canadian system of election-expense control. The system relies on a self-reporting scheme in which the agent is responsible for managing the accounts of the local campaign organization as well as preparing the required reports for Elections Canada. In effect, this makes agents both an integral part of the local campaign apparatus and a key element in the state's enforcement mechanism. Given the penalties that can be applied for contravening the law, the candidate also has a direct stake in who the agent is and how well the required tasks are performed. Simply put, agents sit in a central position among candidate, party and government, all of whom are dependent on him or her to make the system work.

The *Canada Elections Act* recognizes the importance of agents by making their appointment part of the official nomination process. A candidate's nomination is not complete until a properly named agent is designated. In this way, agents are tied to the candidates and their campaigns. When individuals take on the position, they assume heavy responsibilities under the Act.

Briefly, the official agent is the treasurer for a candidate's local campaign and is held responsible for all its financial transactions, for the law

Figure 3.1
The place of the candidate's official agent



gives no recognition or status to constituency party associations. All income must flow through the agent's hands (via an account in a designated financial institution), and only the agent may authorize the payment of expenses. The agent must maintain the campaign books, including detailed records of all income tax receipts issued, and file full expense returns with Elections Canada after the election. At that time, the agent must also deal (as the Act requires) with any campaign surplus and receive any government reimbursements the candidate is entitled to.

Given that some offences can carry penalties up to and including fines and imprisonment, and disqualification from voting or sitting in the House of Commons, candidates have a powerful interest in ensuring that their agents perform all the tasks required. Although the notion of personal agency as the principal reporting mechanism for local campaign activity has long been in place, the introduction of a complex election-expense regime, as well as the explicit recognition of parties in the 1970s, has made the task far more onerous and difficult in recent general elections. The very nature of the job means that agents must work at it for months after the election is over and other campaign activists have long gone on to other pursuits.

The election-expense and campaign regulation system used in Canadian elections is spelled out in extraordinary detail in the Act. Obviously, parliamentarians have not wanted to leave much to chance. However, the impact of that degree of precision has been to increase the burden on official agents significantly. Unless they have specialized education as an accountant or lawyer and are therefore familiar with the language of statutes, most agents are likely to find the Act almost unintelligible. It is possible to deal with this problem through training programs, but they are not mandatory. Furthermore, there is no provision for publicly reimbursing agents for their work. This system relies on locally selected individuals to manage and police it. Over the long run it can only be effective if the individuals who serve as agents are able to cope with the demands put upon them.

This being so, it is remarkable that little attention has been given to official agents and their jobs. In part, this reflects the fact that it is largely a volunteer position of relatively short duration. Agents are appointed by candidates for a specific election, and when it is over, the position disappears. The system simply assumes that agents with the necessary skills are available to candidates and that they are involved enough in the campaign to be able to perform successfully the tasks the law imposes on them. This study provides a profile of candidates' official agents in the 1988 general election and asks whether these assumptions hold.

Using data gathered in the 1988 Candidate Nomination Survey (see Appendix) it is possible to provide a sketch of agents appointed in that general election. Following the general description, there is a brief analysis of two problems: first, agents' appointment to, and involvement in, the local campaign; and second, the background and skills they bring to their jobs. As we shall see, there appear to be regular differences among the agents appointed by candidates in the large national parties as well as consistent differences among agents in different political situations.

It is necessary to be cautious in interpreting these data. The 1988 election was hardly typical: it followed the second largest landslide in Canadian political history. As a result, most incumbents that year were Conservatives, and so it is not always easy to distinguish what might be a partisan effect and the impact of incumbency on candidates' agents. With that in mind, let us turn to the profile of the agents provided by the survey.

THE OFFICIAL AGENTS

Despite the fact that the *Canada Elections Act* (ss. 81(1)(*a*)(iii), 215) makes the appointment of an official agent the business of the candidate, only about two-thirds of them are appointed by the candidates themselves. A quarter appear to be named by the local constituency party executive, and the rest are named by others, generally party officials (see table 3.1).

Party officials and the chief electoral officer (CEO) are quick to point out the great importance of the agent. For instance, the

Table 3.1
A profile of official agents in the 1988 general election

	%
Appointment made by	
Constituency party executive	24.1
Candidate	66.5
Other	9.4
	(370)
Active member of constituency campaign planning committee	
Yes	82.7
No	17.3
	(370)
Previous experience as an agent	
Yes	30.6
No	69.4
	(365)
Party reimbursement for service	
Yes	1.6
No	98.4
	(366)
Attendance at any training program for agents	
Yes	58.7
No	41.3
	(363)
Occupation	
Accountant	26.4
Lawyer	21.7
Manager/business	15.8
Retired	8.7
Educator	8.2
Other	19.2
	(363)

Note: Numbers in parentheses indicate number of respondents.

Conservative party's current (1988) *Campaign Organization Manual* describes the agent as "the second most important personality" (after the candidate) and warns the candidate that the agent "must be involved at the time you set the campaign budget and must be consulted at all times by the campaign manager regarding financial matters" (1988, 4, 12). This being so, one would expect agents to be full and active members of their constituency-campaign planning committee, but nearly 20 percent reported that they were not. It is not at all clear how such uninvolved agents could meet their responsibilities under the *Canada Elections Act*. If they cannot, one is led to assume that the system was simply not operating as it should in those campaigns, and therefore, there is no guarantee that the election-expense guidelines were being properly applied.

It is possible to describe the majority of candidates' agents as inexperienced volunteers – just over two-thirds of them reported that they had never been an agent before (which indicates that the high cost of learning the system is too often wasted). The low proportion of agents who repeat means that parties and their candidates cannot benefit from previous experience. It is also clear that this job is overwhelmingly seen as one for volunteers: only a minuscule fraction of the agents reported being reimbursed for their time. It may be that the lack of remuneration is part of the reason so few agents repeat. Having once assumed such an onerous burden, many are reluctant to do it again. If that is so, it may be in the interest of both party and state to find some way to reimburse candidates' agents.

Almost 60 percent of the agents claimed to have attended a training program designed to help them do their job. While this compensates for some of the inexperience, it still leaves about 40 percent of the agents without any special training. Given the legal responsibilities that the *Canada Elections Act* imposes on them, this is a problem, and one that will only increase if the Act is regularly changed, or if a more elaborate system is put into place.

Finally, there is the matter of what sort of background and skills agents bring to their position. In their campaign manual, the Conservatives bluntly advise candidates, "You would be well advised to select an accountant or a lawyer for this very important position" (1988, 12). Yet, as the data reported in table 3.1 indicate, just under half of all agents for the Conservatives, Liberals and New Democrats came from these occupations, and the majority came from a wide variety of other occupations. It is difficult to believe that all the agents in this latter group fully appreciated the obligations spelled out in the Act when they accepted the position.

Having described the agents in these rather general terms, we can elaborate first on the positions of the agents in the campaigns and then on the experience and skills they bring to distinctive campaign experiences.

THE AGENT IN THE LOCAL CAMPAIGN

Table 3.2 provides us with a more detailed analysis of the relationship between the agent, on the one hand, and the candidate and local party on the other – at least as far as we can infer from who made the decision on the agent's appointment. Who makes the decision provides a starting point because the system ignores local parties and implicitly assumes an important personal link between candidate and agent. The idea is to have agents who have a personal interest in protecting their candidates, and, hence, incentives to keep the campaign within the rules. One assumes that these relationships will be closer in situations where the candidate, rather than the local party apparatus, appoints the official agent. The latter situation might more typically represent the case in which a different, more organizationally focused style of campaign management and structure exists. In any event, there are some obvious variations that deserve attention.

The appointment of the candidate's agent appears to be treated differently in each of the large parties, though the most significant distinction is between the New Democrats and its two larger opponents. In both the Conservative and Liberal parties, the agent is normally appointed by the candidate, but in the NDP the constituency association executive is just as likely to make the decision. That represents a

Table 3.2
Appointments of official agents in the 1988 general election

	Appointment by:			
	Constituency executive	Candidate	Other	Number of respondents
Party				
Liberal	19.7	74.8	5.5	127
Conservative	9.6	82.5	7.9	114
NDP	41.1	44.2	14.7	129
Candidate				
Former MP	9.3	79.4	11.3	97
Never MP	29.3	61.9	8.8	273
Local resident	21.9	69.3	8.8	283
Outsider	32.9	56.1	11.0	82
Male	22.5	69.0	8.5	284
Female	32.0	57.3	10.6	75
English-speaking	27.3	61.7	11.1	253
French-speaking	15.9	80.7	3.4	88
Status of local seat				
Safe	11.8	76.5	11.8	68
Good chance	18.2	68.8	13.0	170
Unlikely	38.6	56.8	4.5	88
Hopeless	62.5	37.5	—	24

Note: Numbers represent horizontal percentages.

move away from the traditional concept of a candidate's agent. It suggests that NDP agents are more often seen as part of the formal campaign organization and, therefore, responsible to the party, and not merely personal associates of the current candidate. There are some modest differences between the Liberal and Conservative agents, but they may reflect only that large numbers of the 1988 Conservatives were incumbents.

The data suggest that experienced politicians (incumbents and former MPs) are more likely to appoint their own agents than are those who are newer to federal electoral politics. This is not surprising and probably indicates MPs' awareness of what can, and does, happen to colleagues when agents do not attend carefully to their obligations. To protect themselves, and their careers, established politicians should want to decide who their agents will be.

Another difference involves cases in which the local association has a candidate who is not a resident of the riding. In such cases, the local party executive is more likely to name the candidate's agent, presumably someone who is known to local party activists. To the extent that many of the agent's responsibilities involve the supervision and management of local expenditures, the executive is likely better placed than an outside candidate to find a suitable individual. This does suggest, however, that were the numbers of outside candidates to grow (the proportion now stands at 22 percent) as a result of changing party strategies or electoral reforms, then we might have to rethink the century-old notion of the agent as personal officer of the candidate.

Two other differences reported are surprising: male candidates and French-speaking candidates are more likely to name their own agents than are their female and English-speaking counterparts. Why this should be so is not immediately obvious. These differences may partly reflect the partisan differences (that is, more women candidates are New Democrats, fewer are incumbents), but they may also be indicators of other aspects of Canadian political life. Women are generally less advantaged, and those who win nominations may not have the social networks in which to find a suitable agent. The language difference, though modest, is intriguing and may reflect regional differences in the strength and operation of local party organizations and campaigns. Certainly the rate of candidate-made appointments is higher in Quebec than in any other province.

The last difference is related to the political situation the candidate faced. In an attempt to estimate local competitiveness, our survey asked respondents to assess what the local association thought the chances of winning its riding were at the time the candidate was being nominated.

Respondents were given four choices: "safe seat," "good chance," "unlikely" and "hopeless." As we can see from table 3.2, the better the chances of winning the seat were thought to be, the more likely it was that the candidate decided who to appoint as agent. The logic is the same as with experienced politicians: candidates who expect to win need to be more concerned with their agent's ability than do candidates who carry their party's banner but know full well they are sacrificial lambs. Thus, almost two-thirds of the candidates in the hopeless seats left it to their association's executive to name the agent. That is the only category in which a majority of the agents were not named by the candidates.

None of these variations mean that agents went about their formal tasks differently, or that one approach is superior to the other. They do demonstrate, however, that there are regular differences in the practices of local campaigns. It is precisely because there are patterns to these differences that we need to realize that the agent's role may vary and that our assumptions and expectations about local responsibility for campaign activity may have to accommodate this.

One measure of the activity of agents is their response to our question about whether they were intimately involved in local campaign planning. As we have already noted, a considerable majority indicated they were. There is not much systematic variation among agents on this, but table 3.3 does report three variables in which one can see some difference. First are party differences. New Democrat agents are somewhat more involved than are Conservatives, who in turn are more involved than Liberals. This is not particularly congruent with the more

Table 3.3
Agents' involvement in local campaign planning in 1988

	Percentage replying yes	Number of respondents
Party		
Liberal	74.6	126
Conservative	83.3	114
NDP	90.0	130
Appointed by		
Constituency executive	94.4	89
Candidate	78.0	245
Seat prospects		
Safe	92.6	68
Good chance	82.2	169
Unlikely	85.2	88
Hopeless	75.0	24

exaggerated and dichotomized party differences in table 3.2. Apparently the New Democratic Party, whose associations were most likely to name the candidate's agent, seems most likely to integrate the agent into local campaign planning, which is precisely what the role requires.

Second, there is a substantial difference in the extent to which candidate- and association-appointed agents report being involved in the campaigns for which they are legally responsible. Why this should be so is not clear. The traditional notion of the agent as someone personally close to and trusted by the candidate implies such individuals will be intimates of the campaign. However, this turns out to be not as likely as cases in which the official agent is named by the constituency party association. This challenges the very notion of the personal agent and suggests that perhaps the local associations themselves ought to register directly with Elections Canada and take on the necessary official management and reporting responsibilities with respect to campaign income and expenditures.

Last, the data indicate there are differences between campaign organizations in safe seats and those in hopeless ones. In the former, greater care is taken to involve the agent; in the latter, less care appears to be taken to involve the candidates' agents in campaign management. That may be realistic from the local activists' point of view, and there may be less to manage and report on in hopeless races, but that is hardly satisfactory from a regulator's perspective. The same rigour must apply in all situations, and all individuals must meet the same standards or there can be no guarantee of an equal application of the law.

AGENTS' PREPARATION FOR THEIR ROLE

The *Canada Elections Act* (s. 215(2), (5)) makes few requirements of agents (they need not even be eligible to vote) other than that they must be capable of entering into legal contracts and that they cannot also serve as returning officers or candidates. Many individuals from a wide variety of backgrounds can, and have, served as able and conscientious agents. But there is much to be said for appointing agents who are accountants or lawyers who have had previous experience at the job and/or who have attended special training programs designed to familiarize them with their responsibilities. In 1988 only 11 percent of the agents possessed all three characteristics, while almost twice as many (19 percent) had none of them.

As I have already noted, the financial demands of the agent's job, as well as the detailed language of the *Canada Elections Act*, make it desirable to have either an accountant or a lawyer as candidate's agent. During the 1988 general election, just half were from these occupations. In table 3.4, we discover some regular differences in the propensities to appoint lawyers or accountants. The largest and most dramatic difference appears to be among parties. While about 60 percent of the Liberal and Conservative agents are drawn from these two professions, the same is true for only one New Democrat agent in five. What is not clear is whether this reflects the fact that fewer lawyers and accountants are New Democrats, or whether the New Democrats' approach to campaign organization leads them to find other types of people for this role. It may be that they prefer long-time party loyalists to professionals (defined here as lawyers and accountants). That would explain the large proportion of New Democrat agents who are retired people. There are three times more retired people serving as agents in the NDP than in the Liberals or Conservatives.

Table 3.4 also indicates that constituency executives are less likely to appoint professionals as agents, but this general phenomenon is largely a consequence of the general NDP pattern with its higher rate of association appointments and lower rate of professionals. Within the NDP, candidate-chosen agents are considerably more likely to be lawyers or accountants than are those selected by the local party executive. In the Liberal party, that pattern is actually reversed but the proportion of professionals is so high among both groups (higher than in either of the other parties) that it does not make a good deal of difference.

Table 3.4
Professionals as agents: 1988

	Accountants and lawyers (%)	Number of respondents
Party		
Liberal	66.7	126
Conservative	60.2	113
NDP	19.4	129
Appointed by		
Constituency executive	37.0	89
Candidate	53.5	243
Seat prospects		
Safe	52.9	68
Good chance	49.1	169
Unlikely	41.8	86
Hopeless	45.8	24
Candidate		
Former MP	59.8	97
Never MP	43.9	271
Male	50.0	282
Female	37.3	75

Unlike the previous discussion (or those to follow), it appears that the competitive situation the local party faces does not have an impact on whether a professional is chosen as the agent. Two candidate characteristics already seen as significant variables do seem to affect the sort of individual recruited. First, experienced politicians are considerably more likely to have a professional as their agent. And second, male candidates are more likely than female candidates to have a professional as their agent. One assumes that the dynamics discussed above concerning professional politicians' interests and women's relative disadvantage are also at work here.

This brings us to our last two dimensions, experience and training, for both might well compensate for an agent's not having a professional background that would aid in meeting the responsibilities involved in the role. Though most agents (at least in 1988) are inexperienced, it turns out that experience and training are related. Three-quarters of the agents with experience have also attended a training program, but 80 percent of those who have no training also have no experience. Fully a third of all agents had neither experience nor training.

The variables that distinguish experienced from inexperienced agents come as no surprise. We have already discovered these variables at work in the process. As table 3.5 indicates, the three parties continue to be different. In this instance, it is the Conservatives that are distinctive: their agents are twice as likely to have previous experience as are New Democrats or Liberals. The other variables in the table help explain why this was so in 1988.

Experienced politicians, and associations in ridings believed to be safe, were considerably more likely to choose as their agents individuals who had done the job before. No doubt they had a greater stake in having it done correctly and carefully than did others. It may well be that they also found it easier to persuade a former agent to take on the task again: after all, individuals like to continue to work on a winning team. This explains the party difference noted above, for in 1988, largely as a result of the 1984 landslide, by far the greatest proportion of such seats were Conservative ones. We might expect to see much less party difference on this variable in more typical elections.

Again, the other variable is candidate gender: male candidates were almost twice as likely to have experienced agents as were female candidates. While this reflects the fact that most incumbents in safe seats are men, it reinforces the image that has emerged that women's campaign personnel may be constituted differently from men's. If so, one wonders if they also work differently and whether that has any consequence for the participation of women in party and public life.

Table 3.5
Experienced agents: 1988

	Agent previously (%)	Number of respondents
Party		
Liberal	23.6	127
Conservative	46.0	113
NDP	24.0	129
Appointed by		
Constituency executive	24.7	89
Candidate	32.2	245
Seat prospects		
Safe	53.7	67
Good chance	26.0	169
Unlikely	22.7	88
Hopeless	20.8	24
Candidate		
Former MP	52.1	96
Never MP	23.1	273
Male	33.6	283
Female	18.7	75

Once again the data reveal differences among the parties in the proportion of their agents who have been to a special training program (table 3.6). Seventy percent of Conservative agents had, but the same was true for only some 40 percent of Liberal agents, with the New Democrats in between, though considerably closer to the Conservatives. Why there should be these differences is not clear, although the larger number of trained Conservative agents undoubtedly reflects the party's larger number of incumbents (70 percent of whose agents reported training). Constituencies were divided according to their chances of winning: agents in safe and good chance seats were more likely to have attended training programs than were agents in ridings with unlikely and hopeless chances of winning.

The candidate gender difference shows up again here. One might have expected female candidates, if unable to find professional or experienced agents, would ensure their agents had training, but that did not happen. The agents working for female candidates were less likely to have attended training programs than those serving male candidates. The table also reveals that those without professional training (as lawyers or accountants) did not seek to make up for their backgrounds by attending training programs. The professionals seem at

Table 3.6
Agents and training: 1988

	Attended agent training program (%)	Number of respondents
Party		
Liberal	43.7	126
Conservative	71.1	114
NDP	62.5	128
Seat prospects		
Safe	63.2	68
Good chance	69.9	169
Unlikely	47.1	87
Hopeless	41.7	24
Candidate		
Former MP	62.9	97
Never MP	57.2	271
Male	60.8	283
Female	49.3	75
Occupation		
Lawyers, accountants	59.3	177
All others	58.0	188
Training organized by		
Party	45.3	371
CEO	24.0	371
Others	1.3	371

least as prepared, if not more so, to participate in such programs. Perhaps they have a more acute awareness of just what accepting an appointment as an agent entails.

Table 3.6 also indicates that the parties themselves appear to be taking primary responsibility for educating their agents. Forty-five percent of all agents reported attending training programs organized by their party, twice the proportion that had attended CEO-organized sessions. This was especially the case in the Conservative and New Democratic parties, where over half the agents had party training. By contrast, the Liberals' experience suggests that their party took a rather less systematic approach to the problem: just 43 percent of the Liberal agents had party-organized training. Of those agents who had been to CEO-organized training, the largest number were Conservatives and the smallest Liberals – further evidence of the greater attention paid to these organizational matters in the Conservative party.

Given that the agent is the principal mechanism by which the state manages and enforces the election-expense regime, it seems obvious that there is considerable public interest in ensuring that agents are as well prepared as possible to carry out their functions. Our data indicate that, in fact, many agents have none of the apparent prerequisites they need to do a good job, and for the most part, the Canadian state is not providing sufficient training. This implies that this is an area in which Elections Canada may have been negligent.

That conclusion would be too simple. When we examine agents' training in terms of when their candidate was nominated (and so an agent appointed), we uncover a major element of the problem. Of the agents whose candidate was nominated several months before the election was called (January to June 1988), over 70 percent reported they had managed to attend a training program. However, that figure falls to just over 50 percent among those whose candidates were named in the period immediately preceding the call (July through September) and to under 40 percent for those attached to a candidate nominated after the election was announced. As long as candidates are being nominated in the midst of an election campaign, it may be organizationally difficult for the staff of Elections Canada to provide training sessions for all these newly named agents, or for those individuals to arrange to attend a session while the campaign they are responsible for controlling is going on.

CONCLUSION

It would be rash to draw sweeping conclusions from these limited observations about agents from just one election, but it is possible to raise three issues that merit general attention. These relate to the consistent differences that we have discovered in agents depending on party, political setting and candidate gender.

The role of the candidate's agent is often seen as a technical, specialized managerial one and, as such, ought to be pretty much the same for candidates in all parties. It is surprising, then, that for all the dimensions on which we have data, there are marked differences in agents among the parties. Indeed, in virtually all cases, these party differences were the greatest we discovered, larger than those between candidate genders or among political contexts. Without exaggerating too much, it is possible to provide a sketch of each party's approach to candidates' agents.

The *Progressive Conservative* party has a candidate-dominated system in which agents are trained, experienced and involved professionals. While that pattern is partly explained by the large number of incumbents the party had in 1988, it also reflects the disciplined, smoothly running electoral machine the party has laboured to build in recent years.

The *New Democratic Party* has a different style, one that would be expected in a mass party that has long emphasized membership control and participation. Local associations are much more likely (than in other parties) to decide who the agent will be, and that individual is more likely to be fully involved in campaign planning. The image is of an agent who is as much a servant of the party as of the candidate. Perhaps because local association executives can only accept someone who has a long party history in this role, NDP agents are far less likely to be drawn from the ranks of lawyers or accountants. They do, however, reflect the party's well-known belief in education: NDP agents go to training sessions whenever possible.

This leaves the *Liberal* party, whose portrait is that of a traditional cadre party dominated by local élites. The party's agents, like the Conservatives', are candidate-centred, but are the least involved in the actual affairs of the campaign. They are the most élite (that is, have the highest proportion of lawyers and accountants) of the three groups, but the least experienced and the least trained. All this implies a somewhat less disciplined approach to local campaign management. Whether that is a hangover from the long period of government dominance is difficult to tell, but it surely cannot serve the party or its candidates well.

If the state is to continue to rely on official agents as its principal tool for administering election-expense regulations, it needs to recognize that each party is providing it with a quite different capacity. This raises questions as to whether this influences the agents' performance and, if so, whether some clearer requirements might be made of those who assume these tasks. The alternative might be to increase training by Elections Canada (if necessary, during the campaign itself) to ensure that agents in all parties meet the same standards.

Our investigation has also demonstrated that the safer the seat is thought to be by the local party, the more involved, trained and professional are the candidates' agents and the more the candidates take a direct part in naming their own official agent. Those who expect to win are obviously more concerned to make sure they stay within the rules. That is, of course, exactly what the public interest demands, for those are the very candidates who have the greatest incentive to stretch the spending limits and other campaign rules. Parties have little interest in doing so in contests they cannot hope to win. But, despite the fact that hopeless contests may not need to be monitored as precisely, the state requires an equal standard in all ridings. This is not simply a matter of principle: in many of the country's large metropolitan areas election resources (both money and personnel) can easily slide across boundaries and into neighbouring ridings, where they may be put to more electorally productive use. Ensuring the system works depends on monitoring all of its pieces.

The last observation concerns the persistent differences found between male candidates' agents and female candidates' agents. These differences may not affect the operation of the system, but they are a reminder of the many disadvantages faced by Canadian women as they struggle to compete on a "level playing field" with men, who have for so long dominated the nation's politics. At a minimum, Elections Canada ought to make a special effort to see to it that women candidates' agents get the help and training they need. It would be one small step in the levelling-up process.

APPENDIX
THE 1988 CANDIDATE NOMINATION SURVEY

At the time of the 1988 general election, every Liberal, Conservative and New Democrat constituency association was surveyed (by mail) principally to collect data on candidate nomination practices and outcomes. These surveys were sent to the official agent of each candidate of the three national parties, and so it was also possible to gather some information about agents. The specific questions asked of agents are reported below.

The survey was carried out by R.K. Carty of the University of British Columbia and Lynda Erickson of Simon Fraser University. The response rate was 42 percent, and the sample is representative of party, region and language; it also appears to be representative of winners and losers. Further detail is reported in the study on candidate nomination conducted by Carty and Erickson (1991) for the Royal Commission on Electoral Reform and Party Financing.

Agent Questions

1) Was your appointment as the official agent a decision made by:
   - ☐ the constituency party executive
   - ☐ the candidate
   - ☐ a party official from outside the constituency
   - ☐ other (please specify) ______________________________

2) Have you ever been an official candidate's agent in a previous federal election?

   ☐ Yes ☐ No

   If yes, which one(s)?______________________________

3) Is the party reimbursing you for your services?

   ☐ Yes ☐ No

4) Have you been to any training programme for agents?
☐ Yes ☐ No
If yes, who organized it?
☐ my party
☐ the Chief Electoral Officer
☐ other (please specify) ______________________________

5) What is your regular occupation? ______________________________

6) As agent were you a full, active member of the constituency campaign planning committee?
☐ Yes ☐ No

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ELECTORAL COMPETITION, CAMPAIGN EXPENDITURE AND INCUMBENCY ADVANTAGE

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D. Keith Heintzman

THIS STUDY IS an empirical assessment of competition in recent Canadian constituency elections. The focus is on the extent to which three potential electoral influences confer advantages in a competitive contest: the candidate, constituency campaigning and partisan attachment. In particular, the empirical analysis examines the pertinence of three factors – incumbency, canvassing activity (including campaign spending) and changes in political party choices – to understanding competitive fairness. Each factor has the potential to confer an electoral advantage, with the result that the contest may not take place on a level, or unbiased, playing field for all contestants. While that proposition is partly theoretically driven, the purpose of this study is to assess the relative consequences of each factor for Canadian election results.

Much of the literature on this topic tends to use what is described below as a public choice framework. But the question of advantage is not strictly an abstract matter of inequality at the election's initial position. Rather, the question of bias is also a practical matter about the relative influences of advantages that condition but do not necessarily determine results (compare Rawls 1971 and Nozick 1974). The approach of this study is more practical. It is designed to quantify the relative advantages attributable to incumbency and campaigning within a context of changes in popular partisan choice and thus describe comparable influences and the consequent extent of constituency competition in Canada.

Competitive advantage is approached in part through a notion of the strategic influences or resources that go into an election. First, previously elected candidates, i.e., incumbents, begin the contest having acted as a representative. Therefore, in practice, they may retain an additional resource, a recognition advantage. Second, superior funding or canvassing and spending may also provide a resource advantage through potentially greater access to the public, a concern that has led to spending ceilings in Canada. Third, there is the matter of greater or lesser stability in partisan support, an elector's consistent attachment to one political party over time, and this constitutes an additional strategic condition. The major emphasis is on the relative influences of the first two on the elector's choice, which itself may be conditioned by the third.

Most research on Canadian elections tends to take a national contest perspective. The view in this study is that an election may be regarded as the result of almost 300 constituency contests (Blake 1978). Unfortunately, studies of Canadian constituency elections have tended to investigate the local conditions of incumbency, canvassing, candidate finance and partisan behaviour separately without regard to their combined effects. For the purpose of comparing influences, there are electoral benefits from having held office by virtue of having provided public service and the profile this implies. This advantage should not be taken as an unwarranted bias, as it is a product of the idea of representation accepted in Canada. One facet of the constituency electoral system is the direct link between the representative and the represented (Quebec, Commission 1984). The operative question is the extent of this benefit. If the advantages of running as an incumbent are strong enough to overwhelm other candidates who must rely only on campaigning to achieve a similar level of public recognition, the contest may be seen as uncompetitive. A key issue concerns the electoral advantage attributable to the office holder relative to the advantage that can be achieved through the campaign itself. Where these aspects of an election have been studied in combination in the United States and the United Kingdom, the evidence suggests that candidate competition is restricted, especially in comparison to Canada (Blake 1991; Jacobson 1987b; Johnston et al. 1989). The contrary evidence for Canada suggests that through canvassing, debating and advertising and by having access to expenditure resources sufficient to mount a competitive campaign, candidate activity may be enough to gain sufficient recognition, thus offsetting the initial incumbent advantage.

Previous similar research on Canada has several empirical shortcomings. First, an assessment of the relative influences of partisan behaviour, candidate characteristics and electioneering on election results has been absent in the works on Canada. As a result, the Canadian research presents a disjointed picture. Second, past studies have tended to rely mainly on aggregate data with the constituency as the unit for analysis. Measures at this macro level can capture electoral effects through indices of incumbency, the previous vote for political parties, resulting vote or change in vote, campaign expenditures and campaign contributions, but only to a limited degree. The listed factors are all conditions, or resources, that go into an election, but as strategic elements they do not permit a direct assessment of the choice in casting a ballot. While aggregate data analysis is one possible research approach, it has several methodological deficiencies that can be overcome only through similar analysis using survey results. Both methods are used in this study, as the choice-specific aspect of the election can be addressed from the perspective of the individual through surveys, the strategic context of the campaign and campaign regulation from aggregate constituency data.

The argument suggesting constituency competitiveness in Canada begins with a framework on the nature of the divisiveness in the research to date and the reasons for coordination and comparison. The study then proceeds by comparing survey evidence and aggregate constituency data. In both cases, the object is to understand the interaction of incumbency and the campaign itself within the context of other factors, including national influences. There are separate reviews of the literature and empirical assessments of incumbency and campaign effects at both the micro and macro levels of analysis. Finally, the implications of the findings for campaign regulation and competition are discussed.

FRAMEWORK ON INCUMBENCY AND THE CAMPAIGN

Making a case for the competitiveness of candidate elections requires recognizing that the idea of an election as a contest is conceptually multifaceted. The germane question is whether the expression of a preference for a representative (party or candidate) through a vote is a positive (like) or negative (dislike) choice. The interelection volatility in party preference, especially the decline in support for the governing party in mid-term over the past two decades, presents a partial picture (Clarke et al. 1991, 159–61). But this evidence does not necessarily imply a voter's change to a political preference. Other, more detailed surveys indicate that a change in preference may be based more on a negative judgement (Clarke and Stewart 1987, 393–94). Successive Gallup results have indicated that interelection party preference is based largely on a dislike of other parties as opposed to a judgement based on a positive preference for the party chosen. For example, in 1982, 38% of those who stated a party preference based their choice on a like of the party, and 47% on a dislike of the other parties (with 15% undecided); in 1983, 46% based their choice on the like of the party, 44% on a dislike of the other parties (11% were undecided); and in 1987, 40% based their decision on a like of their chosen party, whereas 50% stated a dislike of other parties as the reason (10% undecided) (Gallup 1982, 1983, 1987).

This like/dislike distinction regarding the specific nature of the apparent preference is relevant for a set of differences in electoral contests that Riker (1982) calls "liberalism versus populism." Populism refers to the notion of a vote as a positive preference for a particular position or individual. If an electoral advantage is such that a populist preference for an alternative is overcome by an institutionalized advantage like incumbency, there may be cause for concern. Previous investigations and the evidence presented in this study suggest that there is a significant preference for an incumbent as the known quantity at the outset of an election, conferring an advantage of about 5 percent of the vote. But this is only a partial picture. Conversely, Riker's notion of liberalism is the alternative conception of a negative vote against a record. This alternative is a retrospective judgement that need not be based on promises. It is summarized in the phrase "throw the rascal out." If the effectiveness of such a negative vote can also be overcome by incumbency, then there is even greater concern for the fairness of an election. On the basis of the other influences on an election investigated in this study, there is even stronger evidence of a preference for an alternative candidate, a vote very much attributable to the effort put into a campaign. There is additional evidence that a significant portion of the vote is cast against incumbents where there is high turnout, thus favouring challenging candidates. Analysis of these facets of the electoral contest indicates that lack of competitiveness at the constituency level is not nearly the cause for concern in Canada that it is in other countries.

Studies on incumbency by Krashinsky and Milne (1983, 1985a, 1985b, 1986, 1991) have placed the advantage enjoyed by Canadian office holders at between 4 and 6 percent of the vote. Their research is based on a model of advantage reflecting a relative net positive vote for incumbents. Their estimate has shown no evidence of increase or decrease over time, but the incumbency effect varies by the incumbent's political party and according to massive swings in the vote from one party to another across elections. Apart from describing the degree of advantage, what incumbency implies in the context of other factors influencing election outcomes is not clear. By not including candidates' election expenditures, incumbency research has not considered the possible impact of electioneering. It presents substantial evidence of some advantage, but without a comparison to campaigning; it is a partial picture, and the relative influence of incumbency is not clear.

Other studies have sought to demonstrate that the effort put into a campaign results in an appreciable number of votes won. Using only a crude relationship of spending (in dollars) to votes (in numbers), Isenberg's (1980, 1981) research does address campaigns, but too indirectly and without a sufficient appreciation of the overall campaign context. By omitting spending limits and evidence of previous voting, the spending-to-votes relationship has insufficient rigour, as it is divorced from the regulated campaign and political partisan context. Others have extended the relation between spending and votes to include the effect of incumbency. Like similar research on American elections, this work has suggested that campaign activity by incumbents is not as fruitful in gaining votes as is expenditure by non-incumbents. It therefore concludes that campaign regulation bolsters incumbency advantage by restricting competition (Palda and Palda 1985).

Studies on the electoral fruits of spending generally regard campaigning as a free market exchange of information and votes (Palda 1973). The reliability of the conclusions may, however, be weakened, since there is a tendency to ignore voting patterns over time (i.e., the political context of allegiance to a political party, in part manifested by constancy in voting behaviour). Where the partisan context has been included, it has been found significant (Palda 1985). Other research using this expected utility maximization framework has found previous election results relevant for explaining spending. Including more of the political context directly acknowledges the strategic political situation as a condition for the campaign contest. Specifically, the degree of partisan competitiveness has a significant effect on increasing campaign expenditures (Coyte and Landon 1989). However, this work does not extend beyond determinants of spending – for example, to include the effect of expenditures on election results. Coyte and Landon's expenditure explanation model further implies that incumbents do not necessarily spend more or less than other candidates. However, that conclusion is biased because of the selective inclusion of variables, such as the partisan context from the previous vote, which by definition relates to incumbency. The relevant point in comparing an information-exchange view and a strategic-contest view is this: by not accounting for the influence of any trend from the political past, the information-exchange approach divorces either incumbency or campaigning from the partisan situation that elected the incumbent in the first place and exists when the campaign begins.

The studies reviewed thus represent scattered bits of the puzzle on Canadian constituency elections; a coherent picture is wanting. Given that the empirical methods in those works include a set of contextual controls, the exclusion of any other election influence circumscribes the policy implications. More important than the proper specification of the context, the separation of campaigning models, incumbency models and stable partisanship models does not permit a balanced comparison of their relative influences in an election. The picture becomes distorted by default. Most surprising, the distortion is unnecessary, because incumbency, campaigning and past partisan behaviour can all be measured at the same level of data collection used in such works, namely, constituency aggregated results.

Recommendations founded on these macro-level studies share an additional problem – the "ecological" fallacy. The error arises by making an inference from a collective, such as a constituency, about individuals, such as the voters who make up the sum but not the pattern of the collective. This is related to what Sowell (1980, 97–98) calls the animistic fallacy, the mistake of attributing an event or the action of a collective either to the sum of individuals' purposes or to the effects of an underlying order that can be inferred from the averaged results in the aggregate. The potential for misinterpretation of results is quite clear in the subject under study: constituencies do not vote or decide to vote, individuals do. However, recent elections in Canada have also taken place within a regulatory framework that can be assessed only with the constituency as the focus. Thus aggregate-level analysis, while limited, is also necessary.

The ecological fallacy warrants special attention, since the explanation for incumbency and campaign effects includes motivational assumptions. The explanation for the host of empirical findings revolves around a cost-benefit calculus in an exchange of information. Developed from Downs's (1957) economic theory of political support, this public choice perspective regards both sides of the exchange as rational. It is assumed that the parties to the exchange take into account information costs, the strength of their preferences and the likelihood of achieving a net benefit; i.e., they are expected-utility-calculating free agents. This perspective relates to both parties in the information-vote network (1) where a candidate's campaign activity is regarded as an investment facilitating access to the public, or (2) where incumbency reduces information-gathering costs for the voter, as the office holder is likely a known quantity. Caution is required in using aggregated information to address a question that deals with the relationship between two divergent concerns: (1) an institutional structure and longer-term stability that an aggregate analysis can capture, such as incumbency, financing and partisanship; and (2) motivation embedded in the shorter-term, individually based choices that campaigning may influence.

Because the public choice exchange relationship is based on a motivational assumption, it is not a simplistic "money buys votes" proposition. It refers to a prerequisite based on access, knowledge and recognition that requires informational assumptions about the individual. The rational actor exchange model can also address incumbency. It incorporates a cost-minimizing retrospective voting explanation that reduces a voter's choice to one of accepting or rejecting a known record. Voting for or against an incumbent can be regarded as cost-effective, as it does not require any effort on the part of the individual to learn about a new candidate (Kiewiet 1983; Fiorina 1981; Alt and Chrystal 1983). As elaborated below, the advantage attributable to incumbency may be based more on stability in support than on the gaining of new supporters.

The rationale behind this public choice voting model assumes individual choice by taking the voter as a free agent abstracted from a broader context. This model is distinct from the contrary sociological point of view, which regards political preference as stemming from individuals' shared background characteristics or social cleavages (e.g., language, region, ethnicity, or socio-economic status) (Lipset and Rokkan 1967; Blake 1978; Chapman and Palda 1983; Clarke and Stewart 1987). The alternative to public choice relies more on a contextual explanation. It asserts that actions such as voting derive from having learned appropriate behaviours or social norms through direct experience or past education (Winn and McMenemy 1976, chaps. 4–6; Clarke et al. 1980, chap. 4). Furthermore, actions based on learning may be of greater durability than the free-market/free-choice view of the rational voter model. In the exchange model, the campaign is a significant factor, as it directly engages short-term vote transference; the model is highly dynamic. Under the model of learned behaviour or social conditions, the experiences of the voter and the context of past voting actions are given more credence as stable factors; this model is more static. For an appropriate evaluation of these results in a candidate election, both perspectives must be compared, as they constitute different sources of influence on election outcomes. Since survey information taps directly into individual dynamics and aggregated data capture more of the structural constraints, there is the attendant requirement to employ both micro and macro data in the analysis, given the nature of the public choice explanation relative to regulated campaigns in Canada.

Works on governmental incumbency advantage using either aggregate or survey data demonstrate the need for methodological comparison. In the Downsian tradition, government policies are expected to be rewarded or rejected at the polls according to the economic well-being of electors. Macro-level analysis tends to support such a rational voter hypothesis in Canada, especially with regard to inflation, income and unemployment (Happy 1984, 1989). Such work views the election as a free market but excludes the political partisan context. Such an omission leads to a misrepresentation in the results not unlike that in the economic approach to the campaign effect of spending to gain votes. Conversely, micro-level analysis has failed to produce evidence for the governmental incumbency thesis (Johnston 1983). But when specific hypotheses like the public's aversion to inflation are generalized through aggregation of survey data across time, some descriptive support is once again more evident (Johnston 1986, chaps. 4 and 5). The contrary results of these works derive from the micro versus macro distinction despite the same expected-utility framework explanation. Different methods with their different bases of data run the risk of producing divergent or contrary results. Aggregation of individuals into a collective (constituency) measure reduces individual variation to an average. The result is a divergence between explanation and reality, where explanation is rooted in personal choice but reality is measured in the aggregate.

The idea of personal choice implies a dynamic perspective on voting. Nevertheless, to capture the dynamic as the residual of what does not change over time, aggregate-level empiricism assumes a degree of stability in those who make up the constituency. It assumes the same rate of participation by the same individuals from one election to another, since by definition it deals only with a group (Krashinsky and Milne 1991). But when a free choice to participate or not is part of the electoral system's rules, the assumption of stability at the level of the individual is weakened. Furthermore, aggregated data cannot take into account rival psychologically fixed explanations such as judgements on leadership and issues, sentiments that are also volatile (Clarke et al. 1991). By its inability to take an array of factors into account, the current research, based almost wholly on aggregate analysis, may tend to exaggerate the influence of the constituency race, including the candidate and the campaign. Where the use of macro-level data is pertinent is in the examination of the structural effects of campaign regulation, such as spending limits, and thus its use is also required.

Alternatively, micro-level survey analysis can also address incumbency, partisanship and elements of campaigning, but it suffers from limitations as serious as those of macro-level analysis. Respondent recall has been shown to be of questionable reliability (Weir 1975; MacDermid 1989). The accuracy of recall is especially pertinent for measuring one portion of partisanship that can also be addressed at the macro level, namely, the previous voting pattern in a constituency or the stability of partisan attachment (LeDuc et al. 1980). Surveys may also suffer from incomplete, biased sampling when several issues are the object of study, as is the case in this study comparing incumbency, campaigning and partisan behaviour. The process of accounting for more and more factors invariably results in a much reduced and, by definition, unrepresentative sample, as the chances of respondents replying to questions on all factors diminish. As with relying solely on aggregate data, basing research on survey evidence alone is inadequate.

While recognizing their respective limitations, a comparison of survey and aggregate evidence should provide a clearer picture of the relationship between incumbency and campaigning. Unlike the differences in results evident in the research reviewed above, the findings on incumbency, campaigning and stable partisanship suggest a convergence between the survey and aggregate results reported in this study. There is a significant campaign effect in Canadian constituency elections, and it is substantially more important than the influence of incumbency. A comparison of campaign and incumbency influences indicates that increases in spending limits could enhance competition by levelling out the marginal advantages incumbents do hold. As far as an election involves the selection of a representative, such a change may go some way toward improving the quality of political choice in Canada. This is precisely where the issue of the election campaign is significant.

MICRO-LEVEL ANALYSIS

Single-issue reasons for voting, such as voting for a local candidate, do not loom large in Canada. With the possible exception of the 1988 election (Irvine 1982, 761; Clarke et al. 1991, 115), the candidate effect has been shown both to be modest and to diminish in importance over time in elections combining a constituency and a national campaign. Other short-term cues are generally more important, including the conduct of the national campaign, leadership debates, differing attitudes toward leaders and parties, and variability in the salience of election issues (Clarke et al. 1980, 1984, 1991). Reliable assessment requires that the local effect be isolated through comparison with an array of rival voting reasons.

Three separate surveys conducted at or about the time of the 1988 election indicate the low salience of the candidate factor relative to other reasons for casting the vote (see table 4.1).[1] In the 1988 Exit Poll, respondents were provided with a list of options, and 16.7 percent gave the candidate as the reason for their vote. A second survey, the 1988 Canadian Institute of Public Opinion survey, presented a broader range of options to respondents, and the relevance of the candidate factor dropped to 7.7 percent. With a more extensive list of choices presented to respondents, the local candidate factor thus became appreciably less significant. When respondents were not provided with a set list of options in the 1988 Election Panel survey, less than 1 percent of respondents listed the candidate as either the first or second reason for their vote. While the candidate factor may not figure prominently in these results, it is not necessarily irrelevant. By excluding rival factors, such as always voting for the same party, these surveys tend to result in misestimates of the strength and significance of any single explanatory item.

It is not possible to analyse the entire array of explanations presented in table 4.1, as not all the relevant indices for each reason occur in any single dataset. However, the salient items of stable partisanship, leadership, incumbency and canvassing can be addressed using the Canadian National Election Study for 1988. As is evident from the data presented in table 4.1, the greater the variation in the reasons for the vote, the less important is the candidate. Given the variation in the reasons for casting a vote and the relatively low frequency with which the candidate factor is cited, attention should focus on combinations of effects. This does not mean that the status of a candidate as an incumbent is irrelevant or that the constituency campaign is insignificant. In fact, this study's results suggest the opposite. Rather, candidate-specific influences may translate into favourable dispositions toward the leader of a party, to the issues involved or to the party itself and indirectly affect the election outcome.

A relationship among some of the above-noted factors can be discerned from rating measures such as thermometer-score ratings of candidates, party leaders and the party itself. In these ratings, 0 indicates extreme disfavour and 100 indicates a very positive judgement. For the 1988 Canadian National Election Study, scores in the campaign and post-election periods can also be compared. In addition, respondents can be classified into groups according to whether they knew if a candidate was an incumbent (and from which party) or not and whether or not they had been contacted by the candidate or campaign workers of the candidate's party. Classification provides an initial comparison of the effects of campaign activity and incumbency on other preferences: for the party, the leader and the candidate.

Table 4.1
Reported reasons for voting, 1988 election
(percentages)

	Respondents citing reason
1988 Exit Poll	
Issues	51.5
Party	19.4
Leader	12.9
Candidate	16.7
(N=2 423)	
Election Panel survey (1988 election)	
Candidate's, party's or leader's stand on issues	50.4
Party's general approach	19.0
Both the party's general approach and stand on issues	11.5
Leader's personal qualities	5.4
Both the leader's personal qualities and stand on issues	1.4
Candidate's personal qualities	9.7
Both the candidate's personal qualities and stand on issues	2.7
(N=1 007)	
Canadian Institute of Public Opinion survey (December 1988)	
Free trade	27.7
Other policies	7.7
Party philosophy	11.1
Past record	10.4
Time for a change	5.2
Way have always voted	7.2
Leadership	14.2
Local candidate	7.7
Other	8.7
(N=901)	

Sources: See note 1.
Percentages do not add to 100.0 because of rounding.

In general, the average ratings for the leader, party or candidate are significantly greater if the candidate is an incumbent or if the candidate or local party organization has personally contacted the elector (tables 4.2 and 4.3). In only two instances, both happening during the campaign period and both involving candidate ratings, is there no significant difference between the specific groups. Thus, both incumbency and campaigning have a positive impact on leadership, party and candidacy influences.

Table 4.2
Thermometer ratings, 1988 campaign period survey

		Party and thermometer ratings					
		PC		Liberals		NDP	
Factor rated	Sample	Rating	(*N*)	Rating	(*N*)	Rating	(*N*)
Leader	Total	51.5	2 566	46.4	2 187	54.4	1 977
	Incumbent[a]	56.1	634***	52.9	117**	62.1	97**
	Not incumbent[b]	49.2	590	45.8	968	54.5	889
Party	Total	51.4	3 393	48.4	3 407	43.0	3 322
	Incumbent	57.7	689***	57.5	160***	53.4	130***
	Not incumbent	50.2	673	47.9	1 206	42.2	1 203
Candidate	Total	62.1	918	59.1	527	60.4	367
	Incumbent[a]	64.1	643***	68.4	152***	63.1	128
	Not incumbent[b]	57.2	275	55.3	376	59.0	239

		Party and thermometer ratings					
		PC		Liberals		NDP	
Factor rated	Sample	Rating	(*N*)	Rating	(*N*)	Rating	(*N*)
Leader	Total	51.5	2 566	46.4	2 187	54.4	1 977
	Contacted	57.2	239***	49.5	197*	63.8	152***
	Not contacted	51.0	2 226	45.9	1 916	53.6	1 750
Party	Total	51.4	3 393	48.4	3 407	43.0	3 322
	Contacted	57.4	293***	53.5	264***	51.1	217***
	Not contacted	51.0	2 957	47.8	3 002	42.4	2 970
Candidate	Total	62.1	918	59.1	527	60.4	367
	Contacted	68.2	152***	60.2	106	69.2	89***
	Not contacted	60.6	744	58.9	405	56.7	263

Source: 1988 CNES Campaign Period survey.

[a] Respondent knew candidate was current MP.

[b] Respondent did not know candidate was current MP.

Two-tailed test for significance: * $p < .05$; ** $p < .01$; *** $p < .001$.

There is one other weak trend in thermometer ratings. Knowledge of the candidate as the incumbent leads to a higher score for the leader, the party and the candidate than campaign contact in 14 out of the 18 possible comparisons (including all nine in the post-election survey). But the difference in averages between knowledge of the incumbent and campaign contact is not marked, with the exception of some party-specific differences. For example, the post-election survey indicates

Table 4.3
Thermometer ratings, 1988 post–election period survey

		Party and thermometer ratings					
		PC		Liberals		NDP	
Factor rated	Sample	Rating	(*N*)	Rating	(*N*)	Rating	(*N*)
Leader	Total	55.6	2 797	47.5	2 709	51.7	2 597
	Incumbent[a]	59.5	608***	59.1	129***	59.8	113***
	Not incumbent[b]	54.0	567	47.5	1 029	52.2	1 006
Party	Total	56.4	2 865	50.4	2 865	43.6	2 834
	Incumbent	60.2	614***	59.9	132***	54.9	114***
	Not incumbent	54.7	580	51.1	1 062	43.2	1 071
Candidate	Total	58.9	2 021	52.8	1 691	49.8	1 385
	Incumbent	64.5	588***	68.2	124***	66.5	113***
	Not incumbent	54.8	438	51.1	725	48.2	574

		Party and thermometer ratings					
		PC		Liberals		NDP	
Factor rated	Sample	Rating	(*N*)	Rating	(*N*)	Rating	(*N*)
Leader	Total	55.6	2 797	47.5	2 709	51.7	2 597
	Contacted	56.3	762***	48.9	689**	56.5	518***
	Not contacted	51.7	541	45.7	589	50.8	719
Party	Total	56.4	2 865	50.4	2 865	43.6	2 834
	Contacted	57.7	778***	53.6	723***	50.5	545***
	Not contacted	52.6	549	48.0	605	41.5	768
Candidate	Total	58.9	2 021	52.8	1 691	49.8	1 385
	Contacted	61.4	643***	57.9	550***	59.5	418***
	Not contacted	52.5	373	46.3	347	43.1	358

Source: 1988 CNES Post-Election Period survey.

[a] Respondent knew candidate was current MP.

[b] Respondent did not know candidate was current MP.

Two-tailed test for significance: * $p < .05$; ** $p < .01$; *** $p < .001$.

that ratings for the leader of the known incumbent's party are all from 59 to 60 on the thermometer, slightly above the neutral point of 50. In cases where campaign contact occurs, the leaders of the Conservative party and New Democratic Party score marginally less (56 to 57), but there is a drop to 49 on the rating scale for the Liberals. This evidence also suggests there may be a party-specific incumbency effect relative to other factors in the campaign.

The rating descriptions suggest that campaigning may be of nearly equal weight to incumbency in relation to rival factors. Apart from the actual differences in mean rating scores, this is evident from the numbers of respondents contacted during the campaign. Approximately one-half of the sample claimed to have been contacted by the local party organization by the end of the campaign, whereas less than one-quarter claimed to have had such contact when surveyed during the campaign. The ratings of leaders, parties and candidates suggest that incumbency may hold an advantage at the beginning of a campaign, but campaigning becomes more significant by election day.

Previous survey-based works have focused more on the impact of campaign contact and candidates in general than on incumbency effects. From the 1974 election survey, Clarke et al. (1980, chap. 9) found that voting expressly for a candidate may explain at best 5 percent of the voter's choice. They also claim that personal campaign contact by either the candidate or party workers may sway voters more than mail and campaign literature. Subsequent multivariate analysis by Black (1984) found that campaigning effects may be minimal from a dynamic view of voting (i.e., conversion, or influencing a voter to change party allegiance). Campaign information may reinforce an elector's predisposition to vote for a particular party, but it is not necessarily significant in swaying a voter to switch from supporting one party to another. However, Black's results are somewhat ambiguous on the specific effect of the type of contact. Personal attention may be significant in explaining a vote in some cases but is irrelevant in other instances.

Apart from the tactical question of the most effective technique for canvassing, there is the broader issue of the candidate, specifically the incumbent. Both canvassing and incumbency can be interpreted as forms of contact and access, each with a more general basis and a more personal side. For canvassing, there is a tactical difference between personal contact by the candidate or party organization and general contact through the mail and media. For incumbency, there is an analogous distinction between the effect of providing personal service to the public in the past and a general reputation or knowledge that the candidate is an experienced politician. The scant evidence from surveys on the advantage conferred by providing satisfactory service suggests a weak relationship between the visibility attributable to the service role and enhanced electoral support (Drummond and Fletcher 1980). There is also some evidence that the portion of the public (from one-fifth to one-quarter) who have communicated with their member of Parliament for personal assistance are mainly satisfied with the service provided and that the representative's responsiveness may produce a modicum of increased support for government in general (Kornberg et al. 1980).

As with types of campaigns, reputation and service contact by incumbents can also be assessed with available survey data.

The relative influences of incumbency and campaigning can be compared using a model whose variables are relevant to the elector's vote. Seven measures from the 1988 Canadian National Election Study are used, including ratings of leaders and parties – attributes that cannot be studied at the macro level. But several of these measures are in part applicable at the macro level: the stable partisanship of the individual (indicated by a previous vote), two measures of incumbency of the candidate (the candidate was known to the respondent, and the respondent received satisfactory service from the member of Parliament) and two measures of campaign contact (contact with the candidate or campaign workers and contact with the party by leaflets or mail). Incumbency and canvassing contact are the main focus, while a behavioural partisan control and leadership and party ratings account for non-local and broader effects. A fuller description of the variables in this model is presented in the methodological appendix.

The actual choice of a vote, the behaviour to be explained, is problematic in that it takes on only two values, to vote or not to vote for a party in question. This violates several assumptions of standard linear regression, which was used to compare the relative importance of each item in the model. An alternative technique relaxes the assumption of a strict direct relationship by substituting a probability or logistic assumption for linearity. Unfortunately, under the logistic approach, the direct effect of each predictor is not as clearly interpretable in explaining the dichotomous vote choice. Since each method is unsatisfactory on its own, both linear regression and logistic regression results are presented to check the reliability of the findings.[2] For the purpose of comparison, the standardized regression coefficients (ß, beta weights) from the linear regressions provide ratings of the importance or explanatory strength of each variable. The *R*s from the logistic regressions are coefficients analogous in interpretation to beta weights.

The straightforward expectation is that knowledge of the candidate as the current member of Parliament, satisfaction with service provided by the incumbent, some election contact from the candidate, a record of voting for the party in the past, positive ratings of the party and similar favourable ratings of the leader should all contribute positively toward explanations of the vote. These encompass judgemental, previous dispositional and present informational explanations. Generally, these expectations are all supported in the results with two notable exceptions (tables 4.4 and 4.5). First, in contrast to Black's (1984) findings, campaign contact through the mail or a flyer does not appear to produce a significant effect. However, the reason may be that the questionnaire design permitted

Table 4.4
Post–election period survey: linear regression on 1988 reported vote

		Reported vote					
Variable	Statistic	PC	PC	Liberal	Liberal	NDP	NDP
Past incumbency contact	b	—	-0.0030	—	0.0716	—	0.2751**
	(S.E.)		(0.0417)		(0.0959)		(0.0936)
	ß		-0.0025		0.0292		0.1134
Incumbency	b	0.1041**	0.1046**	0.1513**	0.1318***	0.0942*	0.0213
	(S.E.)	(0.0335)	(0.0341)	(0.0555)	(0.0614)	(0.0468)	(0.0526)
	ß	0.1049	0.1054	0.0995	0.0867	0.0714	0.0162
Party contact	b	-0.0204	-0.0202	-0.0071	-0.0066	-0.0042	-0.0050
	(S.E.)	(0.0382)	(0.0383)	(0.0362)	(0.0362)	(0.0286)	(0.0254)
	ß	-0.0175	-0.0174	-0.0070	-0.0065	-0.0049	-0.0095
Candidate contact	b	0.0929***	0.0930***	0.1013***	0.0994***	0.0868***	0.0923***
	(S.E.)	(0.0218)	(0.0219)	(0.0218)	(0.0218)	(0.0212)	(0.0211)
	ß	0.1450	0.1453	0.1721	0.1708	0.1508	0.1603
Leader rating	b	0.0040**	0.0040**	0.0025*	0.0025*	0.0003	0.0002
	(S.E.)	(0.0013)	(0.0013)	(0.0011)	(0.0011)	(0.0010)	(0.0010)
	ß	0.1865	0.1865	0.1051	0.1062	0.0173	0.0096
Party rating	b	0.0063***	0.0063***	0.0056***	0.0056***	0.0066***	0.0066***
	(S.E.)	(0.0014)	(0.0014)	(0.0012)	(0.0012)	(0.0010)	(0.0010)
	ß	0.2725	0.2728	0.2184	0.2182	0.3579	0.3604
Previous vote	b	0.2434***	0.2437***	0.3290***	0.3294***	0.3322***	0.3184 ***
	(S.E.)	(0.0359)	(0.0363)	(0.0398)	(0.0399)	(0.0445)	(0.0444)
	ß	0.2456	0.2459	0.3140	0.3144	0.2914	0.2793
Intercept	b	-0.3837***	-0.3845***	-0.2941***	-0.2950***	-0.1942***	-0.1865***
	(S.E.)	(0.0581)	(0.0590)	(0.0612)	(0.0612)	(0.0427)	(0.0424)
Adjusted R^2		0.4359	0.4385	0.3491	0.3486	0.4295	0.4379

One-tailed test for significance: * $p < .05$; ** $p < .01$; *** $p < .001$.

Variables

Reported vote	1 = voted for that party; 0 = did not vote for that party.
Past incumbency contact	Three-point scale: -1 = dissatisfied contact with the incumbent of that party; 0 = no contact with the incumbent of that party; or 1 = satisfied contact with the incumbent of that party.
Incumbency	1 = incumbent; 0 = not incumbent.
Party contact	Three-point scale: 0 = no contact from the party; 1 = contact from that party and from another party; or 2 = contact from that party only.
Candidate contact	Three-point scale: 0 = no contact from the candidate; 1 = contact from that candidate and from another candidate; or 2 = contact from that candidate only.
Leader rating	Thermometer from 0 to 100.
Party rating	Thermometer from 0 to 100.
Previous vote	1 = voted for that party; 0 = did not vote for that party.

only a small usable sub-sample that was both informed and prepared to express an opinion. The argument of diminishing returns for the effort involved suggests that a mass market approach to canvassing could be somewhat ineffective in providing additional information to this group.[3] Second, with the exception of the vote for the New Democratic Party, the satisfaction with having received personal service does not make a significant additional contribution to the explanation of vote choice. For the Conservatives and Liberals, it is the awareness of the candidate as an incumbent, not the exchange of favourable services, that is significant. Whether the model is applied with or without past personal contact with the member of Parliament or the constituency office, there is a consistent pattern. Personal campaigning contact is substantially more important than incumbency, even though both of these constituency level influences are also substantially weaker than national and party effects.

Considering the number and types of variables included, the overall correlations should be regarded as modest. For the linear regressions, the R^2 is .44 for the Conservative party vote, .43 for the New Democratic Party vote and .35 for the Liberal party vote. Similarly, for the logistic regressions, the analogous goodness-of-fit statistic (the pseudo-R^2) is .60 for the Conservative vote, .58 for the New Democratic Party vote and .47 for the Liberal vote.[4] Depending on which of the two techniques is examined, on average between 40 and 50 percent of the variation in the vote can be explained by the model. As a result, the specific findings on incumbency and campaign contact should be looked upon as modest. Because of the nature of the usable sample (respondents who knew nothing about the candidate were excluded in the survey design), each variable in the regressions should be regarded as presenting upper bound estimates and involving only the knowledgeable electorate.

Given these caveats, the significance and strength of each variable is virtually identical under both linear and logistic regression techniques, thereby lending greater credibility to comparisons among the variables. Most important, there are markedly differing degrees of influence among explanations of the vote. For both techniques, the ratings of the party and the previous vote make the strongest contribution, as measured by the beta weights and the logistic *R*, and all are statistically significant. Leadership rating has mixed results, with the effect strongest for the Conservative vote, weak for the Liberal vote and insignificant for the New Democratic Party vote, a pattern consistent with findings from a different survey of the same election (Clarke et al. 1991; Pammett 1989). These national and stable partisanship control items have considerable impact, indicating that incumbency and electioneering influences should not be attributable to such nonlocal factors.

In spite of the considerable strength of the national and predispositional reasons, candidacy-based items remain relevant. Moreover, incumbency is of substantial importance, especially for the Liberal vote. The linear regressions indicate that incumbency increases the chances of voting for the party under consideration by between 9 percent (New Democratic Party) and 15 percent (Liberals), with the Conservative vote attributable to incumbency at 10 percent. Compared to incumbency, contact with the candidate through canvassing has a stronger influence for each of the parties, regardless of whether the linear or logistic model is used. In both analyses, the standardized coefficients for the campaign contact variable (ß and *R*) all exceed, in some instances by 100 percent (mainly for the Liberal and New Democratic Party results), the coefficients for the incumbency variable. This result is consistent for each party whether or not the satisfaction-with-service variable is included in the regression equation. Although the results are not reported here, a similar set of regressions on the same data set covering the campaign period survey produced similar results for the listed national and dispositional control variables, and the incumbency factor had the strongest effect compared to campaign contact. This comparison suggests that incumbents may begin with a recognition advantage, but it tends to be marginalized, depending on the extent of campaigning experienced by the elector.

Table 4.5
Post–election period survey: logistic regression on 1988 reported vote

		Reported vote					
Variable	**Statistic**	**PC**	**PC**	**Liberal**	**Liberal**	**NDP**	**NDP**
Past incumbency contact	b	—	-0.3416	—	0.6622	—	1.8941*
	(S.E.)		(0.3362)		(0.6756)		(1.0070)
	R		0.0000		0.0000		0.0529
Incumbency	b	0.6672**	0.7327**	0.6869*	0.7099*	0.8075*	0.3281
	(S.E.)	(0.2514)	(0.2605)	(0.3851)	(0.4191)	(0.4174)	(0.4906)
	R	0.0630	0.0898	0.0720	0.0370	0.0563	0.0000
Party contact	b	-0.0508	-0.0197	0.1256	0.1291	-0.1281	-0.2197
	(S.E.)	(0.2945)	(0.2969)	(0.3146)	(0.3155)	(0.3181)	(0.3252)
	R	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Candidate contact	b	0.5601***	0.6019***	0.6999***	0.6962***	0.6284**	0.6778***
	(S.E.)	(0.1585)	(0.1604)	(0.1636)	(0.1638)	(0.1988)	(0.2015)
	R	0.1248	0.1285	0.1600	0.1588	0.1206	0.1302
Leader rating	b	0.0308**	0.0311**	0.0204*	0.0207*	0.0159	0.0132
	(S.E.)	(0.0105)	(0.0105)	(0.0096)	(0.0096)	(0.0122)	(0.0124)
	R	0.0950	0.0966	0.0626	0.0321	0.0000	0.0000

Table 4.5 (cont'd)
Post–election period survey: logistic regression on 1988 reported vote

Variable	Statistic	Reported vote					
		PC	PC	Liberal	Liberal	NDP	NDP
Party rating	b	0.0606***	0.0620***	0.0494***	0.0497***	0.0665***	0.0678***
	(S.E.)	(0.0128)	(0.0129)	(0.0114)	(0.0114)	(0.0122)	(0.0124)
	R	0.1666	0.1700	0.1620	0.1629	0.2245	0.2243
Previous vote	b	1.4394***	1.4953***	1.6766***	1.6910***	1.4289***	1.3749***
	(S.E.)	(0.2561)	(0.2931)	(0.2598)	(0.2605)	(0.3540)	(0.3594)
	R	0.2010	0.2034	0.2495	0.2510	0.1612	0.1516
Intercept	b	-7.3714***	-7.5522***	-6.1052***	-6.1420***	-6.5562***	-6.4030***
	(S.E.)	(0.7273)	(0.7580)	(0.6917)	(0.6947)	(0.7326)	(0.7257)
Pseudo-R^2		0.5974	0.5989	0.4745	0.4762	0.5792	0.5867
% predicted correctly		81.7	81.9	82.0	81.8	88.6	88.4
N		*(526)*		*(522)*		*(513)*	

One-tailed test for significance: * $p < .05$; ** $p < .01$; *** $p < .001$.

Variables

Reported vote	1 = voted for that party; 0 = did not vote for that party.
Past incumbency contact	Three-point scale: -1 = dissatisfied contact with the incumbent of that party; 0 = no contact with the incumbent of that party; or 1 = satisfied contact with the incumbent of that party.
Incumbency	1 = incumbent; 0 = not incumbent.
Party contact	Three-point scale: 0 = no contact from the party; 1 = contact from that party and from another party; or 2 = contact from that party only.
Candidate contact	Three-point scale: 0 = no contact from the candidate; 1 = contact from that candidate and from another candidate; or 2 = contact from that candidate only.
Leader rating	Thermometer from 0 to 100.
Party rating	Thermometer from 0 to 100.
Previous vote	1 = voted for that party; 0 = did not vote for that party.

From the perspective of the voter, incumbency can be regarded as robust. The survey evidence suggests it has a significant influence on the elector's choice even when both campaign activity and other rationales for voting are taken into consideration. In short, incumbency retains a marginal advantage, although the benefit does not derive exclusively from past service to the public. But the strength of the incumbency advantage can be overcome by campaign competition, especially direct canvassing. The differential effect of campaign activity and incumbency is clearly weighted in favour of the former, although the overall strength of each may be exaggerated. Challenger candidates in the campaign period may be able to achieve a substantially greater electoral benefit through direct contact, thereby offsetting any notion of overwhelming bias against competition attributable to incumbency.

MACRO-LEVEL ANALYSIS

The survey-based findings suggesting a superior campaigning effect offsetting the incumbent advantage are also corroborated in this study's macro-level analysis. Unlike surveys, the macro-level evidence permits additional analysis across several elections through a pooled dataset. The measurement of campaign activity in the aggregate substitutes election spending as a surrogate but also permits an assessment of candidate finance regulation. Just as incumbency can be regarded as a prior information resource and past partisan behaviour as a potential political support resource, so at the aggregate level expenditure can represent at most a strategic resource. Having more of these resources may be beneficial, but only as conditions for facilitating the amount and scope of electioneering activities.

From the perspective of expenditure as a strategic resource, it is not axiomatic that money buys votes. Instead, research in the United States and the United Kingdom indicates that spending may be related to enhanced recognition, awareness or simply knowledge of the candidate, a relationship subject to diminishing returns for the resources put into a campaign, especially for incumbents (Jacobson 1985; Johnston et al. 1989). Knowledge of the candidate may be a prerequisite advantage, but it does not necessarily imply voter preference (Parker and Parker 1985). As with other relationships between people and government, access does not by itself extend to receiving favour (Stanbury 1986). According to this interpretation, the incumbent enters the campaign with the potential of having already attained electoral awareness by virtue of having been the representative, an assertion supported by some research in the United States (Jacobson 1978). The explanation is linked to the individual with a cost-minimizing proposition about information acquisition, as adopted in the rational-actor model of elections. Part of this explanation relates to the retrospective voter hypothesis involving the constituency service performed by incumbents.

A substantial amount of research on candidacy and campaigning comes from the United States. It has characterized the activities of Congress and Senate representatives as work to obtain a personal vote, as distinct from a party or leader vote. The object of this service role is to engender a personal represented-to-representative sense of trust, with a pay-off for the incumbent at the polls (Fenno 1978; Cain et al. 1987; Parker 1989).

There is little similar research on Canada confirming the personal-vote thesis (Ferejohn and Gaines 1991), and some descriptive evidence suggests that the potential impact may be marginal. Some studies in the late 1960s indicated that about two-thirds of members of Parliament believed that not performing adequately in serving the constituency would lose them votes (Kornberg and Mishler 1976, chap. 2). There is also some indication that parliamentarians spend a great deal of effort looking after the interests of individual constituents, although the record in Canada is mixed as to its electoral pay-off (Clarke and Price 1980, 1981; Clarke et al. 1975). However, the potential impact of past service contact that goes with incumbency should not be overestimated. From hearings in British Columbia specifically addressing the constituency service role, the consensus was that about 10 percent of the public have some form of direct personal contact with their MLA (British Columbia 1987). In the Canadian National Election Study of 1988, 15 percent of respondents claimed to have personally met their member of Parliament. Studies in the 1970s indicated that up to one-quarter of the public claimed to have communicated with their representative (Kornberg et al. 1980), but this contact appears to have declined over the subsequent decade. The comparable figure from the 1988 Canadian National Election Study would be 18 percent, and a survey carried out by the Royal Commission on Electoral Reform and Party Financing in 1990 put the estimate at 19 percent (Blais and Gidengil 1991).

In the United States, Congressional representatives stand an extremely good chance of being re-elected. This advantage has led some to conclude that the most striking feature of contemporary American elections is the impact of incumbent candidates in district campaigns (Jacobson 1987b). The incumbency advantage has been attributed to a number of factors, among them favourable redistricting in a highly partisan system, perquisites such as the franking privilege and subsidized travel, staff and offices, constituency casework and, with the weakening of national partisanship, replacement of the party as a voting cue by the incumbent as a personal voting cue (Jacobson 1978; Cover 1977; Alford and Hibbing 1981; Johannes and McAdams 1981; Ferejohn 1977). Some of this research raises questions about the competitiveness of campaigns, because it suggests incumbents have a head start (Jacobson 1987a; Bauer and Hibbing 1989). Although there is no consensus on the specific reason for the effect of incumbency, Jacobson's analysis purports to demonstrate that incumbency tends to outweigh advantages gained by electioneering, specifically campaign spending. This in turn harkens back to knowledge about the candidate and the extent to which campaigning can inform the public about candidates.

An incumbent may gain some advantage from constituency service through simple recognition as a provider of service. Alternatively, the matter may be assessed through the issue of the quality of the candidate, with incumbency as only one such characteristic. A challenger may have similar advantages because of past public service as a community leader or representative at another level of government. Other investigators point to the personal qualities of the incumbent as an explanation for the strength of incumbent re-election, not the fact of having held office (Payne 1980). These characteristics have also been significant to the extent that the vote received by an experienced, ambitious and publicly recognized challenger may be sufficient to match the incumbency advantage (Jacobson 1989; 1990, chap. 4). Where popular knowledge of rival candidates can be taken as given, campaign activity as measured through expenditure becomes an additional factor in the competitiveness of a district election and does influence the result (Green and Krasno 1988).

More recent research has adopted a change in perspective from the influence of having held office to the influence of the person. With this shift from the institution to the personality as the criterion by which candidacy is addressed, recent research has revitalized the significance of the campaign influence. In the United States, some studies lend support to regulations on finance, including expenditure limits and public financing (see Green and Krasno 1988, on the former; Jacobson 1978, and Abramowitz 1991, on the latter). Campaign regulations have been advocated as a way of neutralizing the competitive advantage that incumbents hold not just as recognized office holders but also in election finance, as incumbents outspend challengers. For example, in 1980, the average expenditure by House incumbents ($191 000 in 1982 dollars) was 63 percent higher than that of challengers, and in 1988, incumbents' average spending ($312 000 in 1982 dollars) was 328 percent greater than that of challengers (Huckabee and Cantor 1989, table 2c). Instead of regarding incumbency itself as a detriment to competition, current research has argued that exorbitant campaigns by incumbents in unregulated district contests inhibit challengers (Abramowitz 1991). This is a newer perspective, which challenges the conventional American wisdom. It is similar in the concerns over equity, opportunity and participation that lie behind campaign finance regulations in Canada (Paltiel 1989).

Adding the influence of campaigning to incumbency causes a shift to a dynamic view of partisan choice. As noted above, incumbency advantage is partly predicated on a decline in party attachment and its replacement by a personal attachment to the representative. Thus, the overall context must be one where national party attachment is weak and voting volatility is evident, a necessary condition for swaying voters in a campaign. Capturing this dynamic at the level of the constituency requires assuming considerable stability in several other voter attributes, namely that (1) those who voted in the past election voted in the current election (no drop-outs), (2) those who did not vote in one also did not vote in the other (no additions), and (3) there are no new voters and no voters die or are disenfranchised (no temporal dislocations). In such models, the variation to explain is the observed change in voting preference. This is also why the presence of the partisan context, measured by the previous vote, is required and why its exclusion leads to underspecified results. But measuring this change requires assuming that other related factors, like turnout, do not vary. This assumption may not be warranted.

A particular difficulty exists because of partisan changes in voting, as indicated by evidence at the micro level. Data on changes in the reported vote between the 1984 and 1988 elections indicate a low level of party attachment: only 49.7 percent voted for the same party in both elections (with the Conservatives, Liberals and New Democratic Party each keeping less than two-thirds of their previous vote), and 6.7 percent did not vote in both elections (table 4.6). The remainder represents a factor of volatility significant enough to determine election outcomes. Within that remainder, 24.3 percent of the total sample switched their vote from one party to another. This quarter of the electorate is the portion of the total vote, usually termed conversion, that macro models can address. But what is excluded are the 6.2 percent who voted in the previous election but abstained in the 1988 election and the 13.1 percent who did not vote in 1984 but did in 1988, the replacement effect. From what can be measured at the aggregate level, these latter figures are assumed to be zero or distributed like the vote conversion. For this one election, this leads to a total of 19 percent against the assumption of what is supposed to be stable (zero or distributed like conversion) and 24 percent for the change to be explained, with the ratio of 19:24 being substantial.[5] For previous elections, held after a full term of office, the conversion-to-replacement ratio is 23:25 for 1984 and 20:25 for 1979 (LeDuc 1989, 110).

The relationship between assumptions on stability within a model that is basically dynamic (in accordance with the voter as a rational free-chooser model) is also a consequence of the ecological fallacy. The survey evidence is included as a reliability check.[6] The difference in results between levels of data is also relevant for the advantage attributable to incumbency. The constituency-results model employed by Krashinsky and Milne (1991) explains incumbency advantage according to vote conversion across elections. From the specification

Table 4.6
Electoral volatility, 1984–88
(percentages)

Reported vote, 1988		Reported vote, 1984 PC	Liberal	NDP	Other	Did not vote	Total
PC		62.6	17.8	14.1	33.3	30.9	40.4
Liberal		14.3	62.0	14.1	14.8	18.4	25.2
NDP		9.5	8.5	62.8	7.4	13.9	17.0
Reform		3.9	0.8	0.3	7.4	1.6	2.4
Other		2.5	1.7	1.6	22.2	1.4	2.2
Did not vote		7.2	9.1	7.2	14.8	33.7	12.9
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
	N	*(1 131)*	*(527)*	*(320)*	*(27)*	*(495)*	*(2 500)*

Source: 1988 CNES.

Notes: Stable vote (49.7%): Reported voting for the same party in 1984 and 1988.
Stable not vote (6.7%): Did not vote in both 1984 and 1988.
Switch party (24.3%): In 1988, voted for a party other than the party voted for in 1984.
Enter 1988 (13.1%): Did not vote in 1984 – voted for a party in 1988.
Exit 1988 (6.2%): Did not vote in 1988 – voted for a party in 1984.

of the regression equations and as is consistently supported in their results, the advantage is measured such that the conversion of votes to the candidate/party is greater than the defection of votes from the candidate/party for incumbents; i.e., gains exceed losses. But findings in the aggregate and specifically the conversion/defection dynamic differ from what can be gleaned from available survey data.

The 1988 Exit Poll, which identifies the 19 constituencies in the cluster sample and thus the incumbent, suggests an opposing pattern (table 4.7). Differentiating the respondent's vote according to whether (1) the candidate was the incumbent, (2) no incumbent was running in an open race, and (3) the incumbent was from a party other than the party the respondent voted for strongly indicates that the incumbency advantage is attributable to retaining the stable vote, not to a net gain in voter volatility. Except for New Democratic incumbents, the almost two-thirds of the vote that can be described as stable (the respondent voted for the same party in both 1984 and 1988) is considerably higher than the stability of the vote for candidates running against an incumbent or in an open seat. Furthermore, there is a consistent pattern in that the percentage of the vote converted to each party/candidate decreases

Table 4.7
Relative conversion of vote by party, 1984–88
(percentages)

	Conversion			
Party conversion	Voting for party where other than party incumbent ran	Voting for party where no incumbent ran	Voting for party where party incumbent ran	Total
PC				
Defected from	23.0	24.6	26.3	25.9
Stable	54.0	54.1	63.7	62.1
Converted to	23.0	21.3	10.0	12.0
N	*(100)*	*(61)*	*(802)*	*(963)*
Significance: Table Chi^2 = 19.6 ($p < .01$).				
Liberal				
Defected from	19.9	29.2	22.8	21.1
Stable	43.9	45.8	62.0	46.5
Converted to	36.1	25.0	15.2	32.4
N	*(462)*	*(48)*	*(79)*	*(589)*
Significance: Table Chi^2 = 16.7 ($p < .01$).				
NDP				
Defected from	24.7	14.9	21.9	22.4
Stable	41.5	69.1	65.6	49.4
Converted to	33.8	16.0	12.5	28.2
N	*(299)*	*(94)*	*(32)*	*(425)*
Significance: Table Chi^2 = 27.1 ($p < .001$).				
Total				
Defected from	22.0	21.2	25.8	23.7
Stable	44.3	59.1	63.6	54.7
Converted to	33.8	19.7	10.5	21.6
N	*(861)*	*(203)*	*(913)*	*(1 977)*
Significance: Table Chi^2 = 146.3 ($p < .001$).				

Source: 1988 Exit Poll.

Notes: The numbers and percentages refer only to respondents who voted in 1984. Those defecting from the party listed and those converting to the party listed include changes involving the "Other" vote. Those voting for candidates who were not incumbents but were running in a constituency where the incumbent was from a party other than the party/candidate indicated are responses from constituencies where the incumbent represented one of the remaining two parties.

as the categories change from (1) running against an incumbent to (2) an open race to (3) running as an incumbent; i.e., incumbency entails less gain from vote changes. While not as consistent, there is a partial reciprocal pattern in the total, and especially for Conservative candidates, for incumbents to suffer from greater rates of defection. Across all three parties, the proportion of the voters defecting from the incumbent's party is greater than the proportion switching to the incumbent's party. By contrast, for those running in an open seat or against incumbents, there is either a nearly equal proportion of defections and conversions or the percentage converting to the party exceeds that defecting from the party. These survey-based patterns of dynamic voting suggest that the incumbency advantage may relate more to retaining a stable vote. In addition to this advantage, there is also an offsetting, relatively stronger vote against incumbents and, as elaborated below, especially against incumbents running under the banner of the governing party.

As recognized in the survey-based literature, the relative stability in election results in the aggregate masks shifting loyalties. These changes may respond more to short-term cues, including the candidate factor and the campaign, than to longer-term issues such as partisanship and incumbency (LeDuc et al. 1980). Application of a voting model at the aggregate level may capture a portion of this dynamic, but, as with the limitations emphasized in the survey-data analysis, the findings are conditioned by the loss of individual dynamics and variation that cannot be directly assessed in the aggregate.

There are sufficient data covering the federal general elections from 1979 to 1988 inclusive, the elections run under the campaign expenditure regulations and compulsory reporting provisions adopted 1974, to empirically apply a model of partisan behaviour, candidacy status and campaign activity. The 1979 and 1988 elections also followed a redistribution of seats and redistricting that has made comparisons to previous election returns problematic. However, Elections Canada has re-aggregated the vote, transposing the results from previous elections (1974 and 1984) onto the new maps (in place for the 1979 and 1988 elections, respectively). This transposition permits only a behavioural indication of the stability of partisan choice. This measure is party-specific, not necessarily candidate-specific, giving some measure of the partisan context before a campaign. Most important, the period under study contains a wide range of electoral results that capture a fair degree of the dynamic that the models address. It covers the change to a minority government with the defeat of a majority government in 1979, the change back to a different majority government in 1980, the strong defeat of a majority in 1984, and the return to office of the same government but with a substantially reduced majority in 1988.

Using data on candidates for the Conservative, Liberal and New Democratic parties for all four elections and on Social Credit candidates for 1979 and 1980 (there were no Social Credit incumbents after 1980) and including the remainder as "Other," there are a total of 4 525 valid cases. The Conservatives ran candidates in all 1 141 races, the Liberals ran in all but one (in 1988), and the New Democratic Party ran in all but two races (both in Quebec in 1980). In contrast to previous studies, the "Other" vote is included as an omnibus category to facilitate the generalizability of the results, especially with reference to party effects. Party-specific influences can be incorporated into the regression equations by including the "Other" vote and then accounting for the party influence through an indicator for the candidate's party (one indicator for each of the three major parties). This approach also captures a portion of the national party effect as a contrast to incumbency.

Excluding the effects of redistribution before 1979 and 1988, in the 1 110 seats in which incumbents could have run (264 for 1974–79 and 282 for 1979–80, 1980–84 and 1984–88), 958, or 86 percent, ran again (this includes seven incumbents who ran against incumbents because of redistricting or changing constituencies after winning a by-election). Of the 958 who ran, 714, or 75 percent, were re-elected, the percentages by party being 81 for the Conservatives, 67 percent for the Liberals, 81 for the New Democratic Party and 46 for the Social Credit party (none of the seven incumbent independents was re-elected). These results are similar to the general pattern of elections since the Second World War (Krashinsky and Milne 1985b). This turnover provides evidence of a substantial electoral dynamic. By contrast, in the House elections in the United States for the five elections from 1980 to 1988, 95 percent of incumbents were re-elected (Huckabee and Cantor 1989).

The replacement effect in Canada is markedly greater than in the United States. The conventional interpretation of similar descriptions is that a significant degree of incumbency re-election may constitute ad hoc evidence for a distortion or bias against a completely free election, especially in the United States. For Canada, the contrary point of view is that the greater turnover can be regarded as a liability in that experienced parliamentarians are lost, an argument reflecting the substantially lower electoral security of incumbents (Franks 1989). The extent of turnover also provides an ample set of cases across a decade of elections covering the following conditions in a constituency campaign: running as an incumbent, running against an incumbent and, where no incumbent is running, running in an open race. This variation permits a direct assessment of incumbency and competition.

The empirical approach used follows the work of Jacobson. The candidate vote (usually expressed as a percentage of the total constituency vote) is examined via regression analysis using a set of primary explanatory variables, mainly (1) the percentage of the vote captured by the candidate in the previous election (to control for the partisan context), (2) the candidate's election expenditure (to capture the current campaign effect), (3) the challenger's election expenditure (simplified in the United States, as there is generally only one main challenger from the other party, which captures the campaign competition effect), (4) the status of the candidate as an incumbent (to tap into the institutional advantages potentially granting greater recognition or service), (5) sometimes the number of terms that the candidate had been an incumbent (a link to a longer term of recognition) and (6) an indicator term to control for party effect. This constitutes a simple model to predict the vote using a set of potential influences ranging from previous political predispositions, campaigning in terms of resources and competition, and institutional advantages of the candidate and the party.

Various modifications are usually made when this parsimonious model is applied. Alternatives include using the change in the percentage of the vote from one election to another instead of using the percentage of the vote in the election itself; this modification has no impact on the regression coefficients for the individual terms except percentage of the previous vote. Other modifications generally relate to the inclusion of variables as controls to account for social context. These include geopolitical factors such as region, which act as a surrogate for differences in political attitudes or culture (Elkins and Simeon 1980) and as a substitute for campaign issue importance, shown to vary regionally (Brodie 1985). Alternative interpretations can be based on the use of polynomial or log-transformed variables when there is an expectation of diminishing or increasing returns on indices like expenditure. Other controls include indices measuring the quality of the candidate and a variety of demographics such as voter turnout. All of these take into consideration potential alternative explanations to ensure that the effects attributable to the main concerns of incumbency, campaigning and partisanship are not attributable to rival explanations. The review of previous research has indicated that such underspecification has been a detriment to the validity of previous findings. Applying the conventional model to Canada requires that a number of changes be made.

One essential modification concerns how campaign spending is treated. In the United States, there are no expenditure limits for Congressional races, and empirical models frequently leave expenditure in dollar figures. In Canada, there are candidate campaign expenditure ceilings, and these vary from constituency to constituency according to (1) the size of the electorate in each constituency, (2) the size of the constituency's electorate relative to the average electorate size of all constituencies, and (3) the sparseness of the constituency's population. While campaign spending varies across constituencies, it is less variable than would be expected under an unregulated system, as in the United States. Failure to consider the regulatory environment leads to unwarranted and irrelevant findings, such as the conclusion that campaign expenditure per elector varies strongly and inversely according to the size of the electorate (Coyte and Landon 1989). In this study, candidate expenditure is measured as a percentage of the allowable expenditure limit. This permits assessment of the influence that campaign regulation may have on the competitiveness of the constituency election. Since not all expenditure is regulated, the additional allowable personal expenses of the candidate (travel costs, lodging, temporary-residence rental, meals and related spending [Canada, Elections Canada 1988, 16]) are included separately and taken for each candidate as a percentage of the total personal expenses for the constituency in each election.

Measuring competition is not as simple in a multi-party system as it is in the United States' two-party district contests. To capture what is called the challenger effect, this study compares each candidate with her or his nearest competitor, as indicated by the rank ordering of voting results from the previous election. For candidates whose party vote in the preceding general election placed them first, including incumbents, the election expenditure of the challenger is taken as that of the candidate representing the party that placed second in the previous election, i.e., potentially the major opposition. For those who did not place first in the previous election, the expenditure for the challenger/opposition is taken as that of the candidate representing the party that did place first. This campaign competition measure is also expressed as a percentage of the spending limit. This expenditure competition variable may capture a degree of contest in a race, but – as for candidates of the parties placing second (in the previous election) – the degree of variation will be reduced because there exist multiple cases with the same index. Therefore, the contribution of this expenditure competition variable will be minimized.

Another adjustment concerns incumbency. Operationalization in the American literature has taken two forms. One estimates the effects of all variables on the select set of incumbents. The other includes a dichotomous incumbency indicator using all candidates as cases. While both these forms are presented to facilitate generalization, the measure of incumbency is adjusted to take into account electoral boundary changes. Before the 1979 and 1988 elections, there is an additional factor of volatility caused by the assignment of some portion of the population to a different constituency because of redistricting. Thus, especially relevant for the constituency service basis of incumbency, new electors are added to and some taken away from the constituency the incumbent previously represented. Instead of a simple incumbency dichotomous indicator for the constituency, the incumbency term is taken as that proportion of the redistricted constituency's population that came from the constituency the incumbent previously represented. For the 1980 and 1984 elections (except where a member of Parliament reran in a different constituency) incumbency is measured dichotomously; for 1979 and 1988, incumbency is a range between zero and one. There is also an additional variable, for incumbents only, measuring if the incumbent was a representative for longer than the previous term of office. Both incumbency and the longer term of service are expected to constitute an advantage for the candidate.

An additional variable measuring whether or not the candidate ran against an incumbent is also included to capture incumbency-related competition. Being by definition strongly related to incumbency, this variable also captures some degree of the broader scope of the context in a campaign and the reciprocal disadvantage. There are open races where no incumbent ran: 756 cases of the total of 4 525 in this study. Including an indicator for competing against an incumbent permits greater generality of the findings, as it looks at an election contest from both sides – the previous winner and the previous loser. The reference term is that category of candidates who ran in open seats.

It is not axiomatic that a long-term effect like partisan behaviour (previous vote) and short-term dynamic effects (campaigning, measured through spending) should have a direct influence on voting. Alternatively, the influence can be expressed as either diminishing or increasing returns to the resources that go into an election, past advantage and current effort. This uncertainty in the expectation grapples with the specific degree of each variable's contribution, generally handled through transformations. Other terms added to the primary model include squaring the previous vote for each candidate's party (as a percentage of the total previous vote) and squaring the expenditure terms (as a percentage of the spending limit). The procedure changes a strict linear interpretation into a curve to capture whether there is a diminishing or increasing effect from either of these factors.[7]

A number of additional factors are included to ensure that the explanatory power of incumbency and electioneering effects is not spurious. These factors reflect mainly the social and political context. National party effects are accounted for by adding to the model a set of terms for the candidate's political party. Dichotomous indicator variables for the Conservative, Liberal and New Democratic parties are included, with the Social Credit (for 1979 and 1980 elections only) and the omnibus "Other" category as the reference category. Additional national effect is captured by a term indicating whether the candidate ran under the banner of the party that formed the government when the election was called. For spatial variation, a set of regional indicator variables is included (coding for British Columbia, the Prairies, Ontario and Quebec, with the Territories and the Atlantic provinces as the referent category). The following demographics for each constituency are added to the model to account for possible dynamics and related effects: the percentage of voter turnout, for partisan dynamics; the consumer price index adjusted average household income from the closest census, to serve as a potential link on expenditures and representing certain socio-economic factors; and the percentage of the total population not born in Canada, as a control on the degree of socialization into the political culture.[8] These additions are designed to capture some of the rival perspective of the broad social context as a control on the effect of partisan behaviour and on the individual choice that is the specific object of inquiry.

The operative concern is not the contribution of each item listed above. The inclusion of an array of factors linked to an alternative explanation is intended to mitigate the problem of the disjointed approach criticized above as giving questionable results. The major focus is on the explanation of the percentage of vote won according to the incumbency, campaign expenditure and competition variables. The large set of items also permits a comparative assessment. They include measures based on the individual rational actor thesis and competition in the main items and also tap into the sociological perspective in the set of demographic controls. The party and government indicators address a national institutional effect in contrast to the local institutional effect of incumbency. The full model and the variable descriptions are presented in the methodological appendix.

The most general results are based on a pooled data analysis (see table 4.8). This pool refers to all candidates from all parties across all four elections from 1979 to 1988. Results are also presented for only the candidates from the three major parties and for the candidates of the parties individually. The overall accuracy of the complete model for the pooled data is relatively strong, with the adjusted R^2 ranging from .7 to almost .9. This strength should not be overstated, however. Under a variety of other situations, specifically whether or not an incumbent is running, the relative overall fit varies substantially. But as far as the correlation strength of the overall model is concerned, there is a relatively sound basis for a reliable analysis of the individual components.

Table 4.8
Regressions for total pooled dataset, 1979–88

Variable	Statistic	Total pooled	PC, Liberal, NDP pooled	PC	Liberal	NDP
1 Incumbency	b	5.6277***	5.1940***	5.4663***	3.2468**	6.4072***
	(S.E.)	(0.5255)	(0.6020)	(1.0155)	(1.1279)	(0.8540)
	β	0.1089	0.1227	0.1518	0.0870	0.1344
2 Running against an incumbent	b	-1.7946***	-2.1335***	-2.4443**	-3.6187***	-0.6464*
	(S.E.)	(0.3100)	(0.4040)	(0.8582)	(0.7570)	(0.3588)
	β	-0.0440	-0.0597	-0.0725	-0.1100	-0.0222
3 Incumbent longer than one term	b	-0.2490	-0.3584	0.0216	0.5871	-0.5759
	(S.E.)	(0.5043)	(0.5683)	(0.9319)	(1.0257)	(0.8769)
	β	-0.0042	-0.0075	0.0005	0.0148	-0.0099
4 Candidate expenditure (% of limit)	b	0.2065***	0.2416***	0.3230***	0.2861***	0.1752***
	(S.E.)	(0.0166)	(0.0231)	(0.0580)	(0.0727)	(0.0200)
	β	0.3917	0.4316	0.4106	0.3691	0.4681
5 Candidate expenditure (% of limit)^2	b	-0.0004**	-0.0007***	-0.0008*	-0.0018***	-0.0003
	(S.E.)	(0.0001)	(0.0002)	(0.0005)	(0.0005)	(0.0002)
	β	-0.0796	-0.1438	-0.1181	-0.3069	-0.0875
6 Opposition expenditure (% of limit)	b	0.0702**	0.0938**	-0.1326	0.1286**	-0.1091
	(S.E.)	(0.0265)	(0.0309)	(0.0791)	(0.0466)	(0.0567)
	β	0.0679	0.1085	-0.1485	0.2067	-0.1172
7 Opposition expenditure (% of limit)^2	b	-0.0008***	-0.0010***	0.0008	-0.0016***	0.0003
	(S.E.)	(0.0002)	(0.0002)	(0.0006)	(0.0004)	(0.0004)
	β	-0.0946	-0.1444	0.1205	-0.2875	0.0532
8 Personal expenditure (% of total)	b	0.0347***	0.0382***	0.0511***	0.0107	0.0206*
	(S.E.)	(0.0059)	(0.0070)	(0.0124)	(0.0124)	(0.0086)
	β	0.0403	0.0498	0.0696	0.0144	0.0283
9 Percentage of previous vote	b	0.3238***	0.4239***	-0.0623	1.3452***	0.3638***
	(S.E.)	(0.0297)	(0.0441)	(0.0826)	(0.0999)	(0.0607)
	β	0.3313	0.4359	-0.0647	1.3474	0.3542
10 Percentage of previous vote^2	b	0.0030***	0.0018**	0.0080***	-0.0083***	0.0016
	(S.E.)	(0.0004)	(0.0006)	(0.0010)	(0.0011)	(0.0012)
	β	0.1955	0.1378	0.6366	-0.7216	0.0787
11 PC	b	10.1993***	5.5350***	—	—	—
	(S.E.)	(0.5157)	(0.4643)	—	—	—
	β	0.2245	0.1472	—	—	—
12 Liberal	b	7.7769***	3.0538***	—	—	—
	(S.E.)	(0.5211)	(0.4546)	—	—	—
	β	0.1711	0.0812	—	—	—
13 NDP	b	4.0585***	—	—	—	—
	(S.E.)	(0.3917)	—	—	—	—
	β	0.0883	—	—	—	—

Table 4.8 (cont'd)
Regressions for total pooled dataset, 1979–88

Variable	Statistic	Total pooled	PC, Liberal, NDP pooled	PC	Liberal	NDP
14 Government party candidate	b	-11.5763***	-11.6483***	-11.0587***	-13.0587***	—
	(S.E.)	(0.3273)	(0.3649)	(0.6707)	(0.6271)	—
	β	-0.2548	-0.3097	-0.3313	-0.3972	—
15 Percentage voter turnout	b	-0.0366	-0.0679*	-0.0748	0.0070	-0.0959***
	(S.E.)	(0.0207)	(0.0264)	(0.0544)	(0.0511)	(0.0245)
	β	-0.0106	-0.0221	-0.0259	0.0025	-0.0438
16 Percentage immigrants	b	-0.0121	-0.0286*	-0.0680*	0.0349	-0.0229
	(S.E.)	(0.0113)	(0.0145)	(0.0288)	(0.0277)	(0.0139)
	β	-0.0076	-0.0198	-0.0500	0.0260	-0.0222
17 Average household income ($Th)	b	0.0317	0.0518*	0.0506	0.0604	0.0089
	(S.E.)	(0.0167)	(0.0214)	(0.0443)	(0.0419)	(0.0206)
	β	0.0119	0.0217	0.0225	0.0273	0.0052
18 Quebec	b	0.7245*	1.4166**	2.5755*	0.0808	0.2244
	(S.E.)	(0.3394)	(0.4458)	(1.0007)	(0.9599)	(0.4445)
	β	0.0167	0.0351	0.0679	0.0022	0.0078
19 Ontario	b	-0.6541	-0.6462	0.1384	-1.5965	0.8530
	(S.E.)	(0.3677)	(0.4652)	(0.9542)	(0.8793)	(0.4490)
	β	-0.0155	-0.0172	0.0039	-0.0459	0.0319
20 Prairies	b	-0.6175	-0.6186	-0.3599	0.1336	3.7838***
	(S.E.)	(0.4514)	(0.5710)	(1.1491)	(1.0809)	(0.5986)
	β	-0.0092	-0.0104	-0.0064	0.0024	0.0891
21 British Columbia	b	-0.9005	-1.0822	-0.7302	-3.0820**	5.5889***
	(S.E.)	(0.4684)	(0.5987)	(1.1979)	(1.1393)	(0.6267)
	β	-0.0138	-0.0184	-0.0132	-0.0567	0.1337
Intercept	b	2.9318	6.8700**	19.1418***	-6.1156	18.2013***
	(S.E.)	(1.7557)	(2.2413)	(5.0704)	(4.6524)	(2.7413)
Adjusted R^2		0.8604	0.7870	0.6942	0.7101	0.8782
N		*(4525)*	*(3420)*	*(1141)*	*(1140)*	*(1139)*

Significance: * $p < .05$; ** $p < .01$; *** $p < .001$.

One-tailed tests for variables 1 to 3; two-tailed tests for variables 4 to 21.

The broadest generalization is that the findings are consistent with those from the survey data analysis. As far as the two core concepts of incumbent advantage and campaigning are concerned, incumbency is robust, even under such a wide range of controls, including spending. But that advantage cannot be ascribed to the provision of constituency service. Incumbency makes a significant contribution to the percentage of vote received for the pooled data, for the set containing the cases of candidates for only the three main parties and for each party individually. For the pooled dataset, incumbency on its own is worth between 5 and 6 percent in the vote (5.6), almost identical to the set on the three main parties (5.2). While still significant in analyses by party separately, the incumbency advantage ranges from a low of 3.2 percent for Liberal members of Parliament to a high of 6.4 percent for New Democrats, with the incumbent advantage for Conservatives also high at 5.5 percent.

As for the explanation of this advantage, the benefit cannot be attributed to the provision of constituency service. While the more direct survey evidence also reflected similar insignificant results in general, at the macro level there is available only an indirect measure through the extent to which the population previously served is affected by electoral boundary changes for the incumbent's constituency. Instead of taking incumbency singly as a scale (the percentage of the population in the newly formed constituency that originated in the pre-redistricted constituency represented by the incumbent for the 1979 and 1988 elections alone, reflecting by degrees the greater potential service contact), the incumbency scale measure, together with a simple incumbency dichotomous indicator, was applied with the other variables in the general model for the two affected elections. The results, not reported in table form, unambiguously suggest that the marginal incumbency advantage is not due to a personal service vote. Out of a total of 15 possible bases for analysing this service role (the total pool across all candidates, the three major parties pooled or the three major parties separately, and each of these five separately for the 1979 and 1988 pool and for the 1979 and 1988 elections individually), in only one instance did the incumbency scale variable make a significant positive contribution to increasing the percentage of the vote; by contrast, the simpler incumbency dichotomous measure remained significant in the main. In this one instance, Liberal incumbents in 1988, the incumbency dichotomous variable had a reduced and insignificant effect, the simple dichotomous measure of incumbency being supplanted but not supplemented by the incumbency scale term. As with the survey evidence, the incumbency advantage can be described more as a potential recognition resource, not as a significant direct advantage from previous constituency service contact.

The importance of the incumbency effect is conditioned by comparison to the importance of national electoral factors. The general range of the candidate incumbent advantage, regarded as an institutional advantage, is somewhat less than (although nearly equal to) the other institutional advantage in an election, namely, running under a party banner. The indices on the parties are a contrast to incumbency in the sense of a national versus constituency comparison. With Social Credit and "Other" candidates as the reference category on the set of party dichotomous indicators, the party advantage analogous to incumbency ranges from a high of 10 percent for Conservative candidates (10.10) to a low of 4 percent for New Democrats (4.06), with the Liberals in between (7.78). Thus, the incumbency institutional effect is not quite on a par with the broader party institutional effect, results that are also reflected in the survey analysis. Furthermore, for candidates running as representatives of the government party at the time of the election call, there is a substantial negative vote in the order of approximately 12 percent, with very little evidence of differentiation between the Liberals (-13.06) and the Conservatives (-11.06). Individual regressions by year (not reported in table form) also tend to yield a significant negative coefficient on the party variable for the government party (the Liberals in 1979 and 1984, the Conservatives in 1988, with the Conservative coefficient for 1980 not being significantly different from zero). The effect of the national facet of the vote against the governing party also contributes to a stronger positive incumbency coefficient since, overall, more than half the incumbents are from the government party (although for the 1980 and 1984 elections slightly less than one-half came from the government benches). As for the survey analysis, incumbency is a relevant factor in the broader context of several campaigns, but it is relatively weak in comparison to the effects of the national factors, especially in relation to the vote against the government party.

Incumbency per se is only part of the picture. Running against an incumbent is a detriment in the order of a generalized loss of about 2 percent (-1.79). According to the results from the total pool of all candidates this disadvantage is a significant liability, for the three-party set and for each of the parties individually (with an exceptionally reduced disadvantage for the New Democratic Party, which retains the strongest effect on incumbency but has the weakest loss in running against incumbents). The combined advantage of running as and running against an incumbent is relatively stable at about 7 percent. Adding the absolute value of running against an incumbent to the value of running as an incumbent results in a relative marginal incumbency advantage of 7.4 percent for the total pool, 7.3 percent for the three major parties' pool, 7.9 percent for the Conservatives, 6.9 percent for the Liberals, and 7.1 percent for the New Democrats. This general combined advantage is also stable, as an incumbent in office over a term longer than the previous Parliament does not gain any significant additional electoral benefit.

This 7 percent marginal advantage for incumbents should not be regarded as strong in the broader context of constituency election results.

While the general finding takes into account the contributions made by other strategic resources that influence the results, it does not figure prominently in comparison to the general margin of victory of 22 percent in the four elections covered (the difference between the elected candidate's vote and the second-place vote as a percentage of the total valid vote). While incumbents won by substantial margins, at 26 percent (with a standard deviation of 19 percent), the margin of victory is reduced to 18 percent in an open race (with a standard deviation of 16 percent); but even those running against an incumbent won on average by 10 percent (with a standard deviation of 9 percent). These findings suggest that constituency competitiveness is far from overwhelmed. First, the sizable standard deviations, almost equal to the averages, indicate that electoral security of winning or keeping the seat is far from great for incumbents. Second, the average margin of winning for those who successfully challenged incumbents is still, at 10 percent, on average greater than the general and more rigorously controlled incumbency marginal advantage of 7 percent. While incumbency advantage is methodologically a significant factor, its contribution to the election results is modest, at best, as far as winning the seat is concerned. Apparent even from the description of marginal competitiveness, this suggestion is clearer from the effects of campaign competition.

The results, even under a more comprehensive set of controls, indicate at a minimum the robustness of the incumbent's advantage. They corroborate findings presented in previous works that have followed these procedures in part, although the relative influence of incumbency advantage is minimal in comparison to the national effect. The addition in this study is that incumbency influences the outcome even when a variety of contextual influences, which are generally very weak, are accounted for. Incumbency is relevant even after controlling for electioneering according to the degree the campaign effect may be captured by spending.

The significance of the incumbency marginal advantage at 7 percent is also somewhat weak when compared to the spending effect, the same results obtained via survey analysis. Campaign expenditures relative to the spending limit are also significant across the analyses. From the pooled data, a 1 percent increase in expenditure leads to an additional one-fifth of a percent in vote (b = 0.21). However, there is also evidence of diminishing returns in that the squared expenditure is both significant and negative. Together, these findings imply that full use of the expenditure limit could result in a vote increase in the range of 16 percentage points, a level more than two times the incumbency advantage. Expenditure also has a greater effect when only the three major parties are analysed either collectively or separately (with the expenditure effect substantial for the Liberals and the Conservatives), and in general there is an indication of diminishing returns as well.

For the pooled dataset, the short-term effect of the campaign is worth more than double the maximal long-term effect of incumbency using the unstandardized coefficients. This is similar in range and direction to the results from the survey data. The standardized coefficients (ß) also indicate the greater explanatory power of the campaign effect, with a beta weight of .39 compared to the incumbency beta of .11. These results suggest that the variation in campaign expenditure is almost four times more important in explaining the aggregate share of the vote variation than incumbency per se. At a minimum, it is at least twice as important (using unstandardized coefficients). The additional advantage that may be gained from personal expenses, while significant for the most part, represents an exceptionally weak influence when compared to the regulated campaign election expenses. What little electoral advantage may be attributed to such extra-regulated personal spending reflects the phenomenon of diminishing returns to increasing contact.

The evidence for the superior campaign effect does not hold up under specific circumstances of the constituency race, specifically, whether an incumbent is running. Using the same format of controlled regressions but performing the analysis separately for incumbents, candidates running against incumbents and candidates running in open seats indicates that the incumbency effect is significant (see tables 4.9 to 4.11). Mirroring results from studies in the United States and the United Kingdom, the variation in campaign expenditure has no significant impact on explaining the strength of the vote received for incumbents as a select group. This holds for the complete pooled set, for the pool of the three major parties and for the parties individually, as in all instances the unstandardized coefficient is not significantly different from zero. The coefficients on the personal expenses also show no effect, except for the New Democratic Party, but even there it is weak. It is also apparent that participation by the electorate (turnout) is significant, but mainly as a vote against an incumbent, as is evident for the pooled regressions and for the Conservatives and Liberals. This may indicate further evidence of the potential of voting against a record, further diminishing the relatively small incumbency advantage. It also reflects findings at the micro level by Black (1984), that awareness of a candidate may ensure keeping a vote but that this is no guarantee for attracting voters. This interpretation also follows from results consistent with the incumbency advantage attributable to retaining greater stability, as reported in table 4.7. Conversely, for those running

Table 4.9
Regressions for pooled dataset, incumbents only, 1979–88

Variable	Statistic	Total pooled	PC, Liberal, NDP pooled	PC	Liberal	NDP
4 Candidate	b	0.0522	-0.0557	0.0060	0.0743	-0.4982
expenditure	(S.E.)	(0.1507)	(0.1694)	(0.1975)	(0.2888)	(0.5715)
(% of limit)	ß	0.0529	-0.0554	0.0062	0.0682	-0.9900
5 Candidate	b	-0.0006	0.0000	-0.0002	-0.0011	0.0029
expenditure	(S.E.)	(0.0010)	(0.0011)	(0.0012)	(0.0019)	(0.0035)
(% of limit)^2	ß	-0.0948	0.0069	-0.0279	-0.1462	0.9090
6 Opposition	b	0.2806***	0.2809***	-0.2217**	0.3890***	-0.3819
expenditure	(S.E.)	(0.0456)	(0.0459)	(0.0722)	(0.0713)	(0.2790)
(% of limit)	ß	0.6235	0.6378	-0.4262	0.9281	-1.0183
7 Opposition	b	-0.0025***	-0.0025***	0.0014*	-0.0038***	0.0022
expenditure	(S.E.)	(0.0004)	(0.0004)	(0.0005)	(0.0007)	(0.0019)
(% of limit)^2	ß	-0.6274	-0.6418	0.3437	-0.9260	0.8405
8 Personal	b	0.0218	0.0215	-0.0048	0.0217	0.0623*
expenditure	(S.E.)	(0.0124)	(0.0125)	(0.0128)	(0.0227)	(0.0294)
(% of total)	ß	0.0391	0.0393	-0.0096	0.0332	0.2228
9 Percentage	b	0.6276***	0.6846***	0.1364	2.5788***	-1.0730**
of previous	(S.E.)	(0.1239)	(0.1600)	(0.1904)	(0.3762)	(0.3669)
vote	ß	0.5637	0.5894	0.1166	1.9925	-1.4392
10 Percentage	b	-0.0020	-0.0025	0.0044*	-0.0204***	0.0165**
of previous	(S.E.)	(0.0013)	(0.0016)	(0.0019)	(0.0034)	(0.0049)
vote^2	ß	-0.1787	-0.2295	0.3997	-1.7538	1.5715
11 PC	b	22.6852***	6.8144***	—	—	—
	(S.E.)	(2.4748)	(1.1354)	—	—	—
	ß	0.8769	0.2688	—	—	—
12 Liberal	b	19.3648***	3.4903**	—	—	—
	(S.E.)	(2.4318)	(1.2109)	—	—	—
	ß	0.7305	0.1348	—	—	—
13 NDP	b	15.8290***	—	—	—	—
	(S.E.)	(2.5465)	—	—	—	—
	ß	0.3709	—	—	—	—
14 Government	b	-13.2014***	-13.1558***	-12.5608***	-14.5581***	—
party	(S.E.)	(0.6413)	(0.6460)	(0.6844)	(1.2898)	—
candidate	ß	-0.5078	-0.5150	-0.5450	-0.4653	—
15 Percentage	b	-0.2334***	-0.2385***	-0.2865***	-0.3542***	0.1832
voter	(S.E.)	(0.0525)	(0.0533)	(0.0546)	(0.1083)	(0.1233)
turnout	ß	-0.1061	-0.1106	-0.1474	-0.1434	0.1682
16 Percentage	b	-0.0065	-0.0036	-0.1424**	0.0985*	0.0127
immigrants	(S.E.)	(0.0287)	(0.0288)	(0.0430)	(0.0453)	(0.0574)
	ß	-0.0062	-0.0036	-0.1315	0.0946	0.0260

Table 4.9 (cont'd)
Regressions for pooled dataset, incumbents only, 1979–88

Variable	Statistic	Total pooled	PC, Liberal, NDP pooled	PC	Liberal	NDP
17 Average household income ($Th)	b	0.1635***	0.1589***	0.2610***	0.3459***	0.1593
	(S.E.)	(0.0428)	(0.0432)	(0.0482)	(0.0889)	(0.1259)
	ß	0.0932	0.0928	0.1879	0.1592	0.1385
18 Quebec	b	5.4099***	5.3853***	11.3361***	0.2785	—
	(S.E.)	(0.9466)	(0.9577)	(1.0679)	(1.8089)	—
	ß	0.1854	0.1858	0.3315	0.0092	—
19 Ontario	b	-4.0742***	-4.0751***	0.7992	-9.9738***	2.6574
	(S.E.)	(0.9528)	(0.9583)	(0.9059)	(2.0999)	(4.0658)
	ß	-0.1492	-0.1529	0.0347	-0.3082	0.2033
20 Prairies	b	-4.4189***	-4.4235***	-0.6143	-6.7171	6.5663
	(S.E.)	(1.1642)	(1.1691)	(1.0873)	(3.9216)	(4.0673)
	ß	-0.1031	-0.1062	-0.0177	-0.0639	0.5176
21 British Columbia	b	-5.4843***	-5.4825***	-0.6786	-12.2356**	7.4637
	(S.E.)	(1.2622)	(1.2680)	(1.1609)	(4.2537)	(4.2802)
	ß	-0.1243	-0.1279	-0.0201	-0.1164	0.5353
Intercept	b	16.2856*	35.5349***	60.7738***	-5.7904	70.5089**
	(S.E.)	(6.6243)	(8.3338)	(9.8475)	(16.3058)	(22.7952)
Adjusted R^2		0.5655	0.5449	0.7034	0.5742	0.2727
N		*(958)*	*(940)*	*(468)*	*(374)*	*(98)*

Two-tailed tests for significance: * $p < .05$; ** $p < .01$; *** $p < .001$.

against incumbents, campaign expenditures provide a significant and positive contribution to their vote across four of the five regressions, although voter turnout similarly leads to a significantly positive vote in only two out of the five, for Liberal and Conservative challengers.

Expenditures by those challenging an incumbent provide mixed evidence of increasing returns. The slope of the squared expenditure is positive for the pooled regressions and for the Conservatives, although the effect of increasing returns is relatively weak. Also in contrast to incumbents, the challengers' personal expenses make a significant, although relatively weak, contribution to their share of the vote. For those running in an open seat, election expenditure has for the most part (except for the Liberals) a positive and fairly strong linear effect (the coefficient of the square is not significantly different from zero). Consequently, there are three different competition scenarios, all characterized by the absence or presence of an incumbent running. The effect attributable to both kinds of expenditure, the financially regulated and unregulated resources going into the campaign, differs

Table 4.10
Regressions for pooled dataset, running against an incumbent, 1979–88

Variable	Statistic	Total pooled	PC, Liberal, NDP pooled	PC	Liberal	NDP
4 Candidate expenditure (% of limit)	b	0.1457***	0.1666***	0.0622	0.2121***	0.1667***
	(S.E.)	(0.0175)	(0.0252)	(0.0805)	(0.0629)	(0.0216)
	β	0.3693	0.4295	0.1101	0.4621	0.5282
5 Candidate expenditure (% of limit)^2	b	0.0004*	0.0002	0.0016*	-0.0008	-0.0003
	(S.E.)	(0.0002)	(0.0002)	(0.0007)	(0.0005)	(0.0002)
	β	0.0890	0.0626	0.3306	-0.2183	-0.0802
6 Opposition expenditure (% of limit)	b	-0.0861	-0.1066	-0.0520	-0.4780***	0.0447
	(S.E.)	(0.0579)	(0.0747)	(0.2062)	(0.1050)	(0.0724)
	β	-0.0790	-0.1075	-0.0489	-0.5698	0.0577
7 Opposition expenditure (% of limit)^2	b	0.0004	0.0005	0.0005	0.0028***	-0.0006
	(S.E.)	(0.0004)	(0.0005)	(0.0014)	(0.0007)	(0.0005)
	β	0.0564	0.0718	0.0648	0.5108	-0.1243
8 Personal expenditure (% of total)	b	0.0391***	0.0429***	0.0692**	0.0136	0.0169
	(S.E.)	(0.0069)	(0.0088)	(0.0216)	(0.0127)	(0.0097)
	β	0.0567	0.0714	0.1021	0.0263	0.0282
9 Percentage of previous vote	b	0.1798***	0.0169	-0.6191***	0.8501***	0.2194***
	(S.E.)	(0.0393)	(0.0642)	(0.1450)	(0.1508)	(0.0702)
	β	0.1673	0.0171	-0.5066	0.7254	0.2112
10 Percentage of previous vote^2	b	0.0046***	0.0074***	0.0153***	-0.0034	0.0057***
	(S.E.)	(0.0008)	(0.0011)	(0.0023)	(0.0024)	(0.0015)
	β	0.1830	0.3351	0.7223	-0.1703	0.2265
11 PC	b	9.7298***	4.5243***	—	—	—
	(S.E.)	(0.5541)	(0.5513)	—	—	—
	β	0.2523	0.1482	—	—	—
12 Liberal	b	7.9270***	2.6333***	—	—	—
	(S.E.)	(0.5478)	(0.5028)	—	—	—
	β	0.2194	0.0909	—	—	—
13 NDP	b	5.2405***	—	—	—	—
	(S.E.)	(0.3923)	—	—	—	—
	β	0.1647	—	—	—	—
14 Government party candidate	b	-9.7214***	-9.7865***	-7.6403***	-10.8661***	—
	(S.E.)	(0.4040)	(0.4662)	(1.1268)	(0.6118)	—
	β	-0.2392	-0.3066	-0.2437	-0.4839	—
15 Percentage voter turnout	b	0.0262	0.0194	0.3292***	0.1322***	-0.1146***
	(S.E.)	(0.0219)	(0.0302)	(0.0960)	(0.0502)	(0.0255)
	β	0.0106	0.0086	0.1292	0.0694	-0.0676
16 Percentage immigrants	b	-0.0152	-0.0311	-0.0686	0.0108	-0.0061
	(S.E.)	(0.0120)	(0.0169)	(0.0407)	(0.0327)	(0.0154)
	β	-0.0131	-0.0290	-0.0628	0.0107	-0.0075

Table 4.10 (cont'd)
Regressions for pooled dataset, running against an incumbent, 1979–88

Variable	Statistic	Total pooled	PC, Liberal, NDP pooled	PC	Liberal	NDP
17 Average household income ($Th)	b	0.0046	-0.0039	-0.1806*	-0.0758	0.0182
	(S.E.)	(0.0181)	(0.0252)	(0.0827)	(0.0410)	(0.0220)
	β	-0.0023	-0.0021	-0.0778	-0.0527	0.0136
18 Quebec	b	0.0869	-0.6077	-0.8417	-5.5471***	0.3215
	(S.E.)	(0.3755)	(0.5341)	(1.7773)	(1.0114)	(0.4611)
	β	0.0027	-0.0203	-0.0267	-0.1663	0.0146
19 Ontario	b	0.1222	1.0166	1.9357	0.5161	1.2098*
	(S.E.)	(0.4034)	(0.5477)	(1.9242)	(0.8171)	(0.4711)
	β	0.0039	0.0361	0.0580	0.0225	0.0571
20 Prairies	b	0.0136	0.9024	0.7151	-0.5987	3.8907***
	(S.E.)	(0.4895)	(0.6637)	(2.1622)	(0.9074)	(0.6752)
	β	0.0003	0.0203	0.0130	-0.0196	0.1005
21 British Columbia	b	0.0732	0.8996	2.0955	-2.6515***	4.7934***
	(S.E.)	(0.5225)	(0.7230)	(2.4690)	(1.0200)	(0.7107)
	β	0.0015	0.0198	0.0339	-0.0849	0.1274
Intercept	b	3.2856	11.3202**	1.8432	13.1510*	13.3406***
	(S.E.)	(2.6231)	(3.5621)	(10.0733)	(5.9596)	(3.2442)
Adjusted R^2		0.8151	0.7074	0.5604	0.6900	0.8329
N		*(2 825)*	*(1 927)*	*(491)*	*(582)*	*(854)*

Two-tailed tests for significance: * $p < .05$; ** $p < .01$; *** $p < .001$.

markedly according to the presence or absence of an incumbent in the constituency contest.

These differences in the campaign context can be appreciated more clearly from figure 4.1 (derived from the regression coefficients of the total pooled data). Expenditure has a strictly linear effect in an open seat and may lead to substantial returns in vote, 20 percent at the spending ceiling. Spending by those running against an incumbent can marginally outperform the average of all candidates (even when controlling for incumbency). While an incumbent may have a head start as a known quantity in the public's eye, incumbency is not unassailable. Its value diminishes with greater turnout; it is marginalized, since the opposition can gain from increasing expenditures (becoming a known quantity); and when incumbency is absent, there is every indication of a simple (linear) competition based on the expenditure effect. The findings support the concept of awareness and recognition advantages attributable to incumbents, but only as a condition that can be offset

Table 4.11
Regressions for pooled dataset, no incumbent running, 1979–88

Variable	Statistic	Total pooled	PC, Liberal, NDP pooled	PC	Liberal	NDP
4 Candidate expenditure (% of limit)	b	0.2058***	0.2430***	0.6006**	0.2828	0.1621**
	(S.E.)	(0.0421)	(0.0620)	(0.1850)	(0.1873)	(0.0493)
	ß	0.4146	0.4647	0.7597	0.4188	0.4603
5 Candidate expenditure (% of limit)^2	b	-0.0003	-0.0007	-0.0026	-0.0014	-0.0004
	(S.E.)	(0.0004)	(0.0005)	(0.0014)	(0.0014)	(0.0005)
	ß	0.0543	-0.1372	-0.4157	-0.2652	-0.1165
6 Opposition expenditure (% of limit)	b	0.0100	-0.0036	0.2276	0.0045	-0.2430*
	(S.E.)	(0.0703)	(0.0635)	(0.1813)	(0.1361)	(0.0981)
	ß	0.0097	-0.0045	0.3052	0.0076	-0.3007
7 Opposition expenditure (% of limit)^2	b	-0.0005	-0.0004	-0.0020	-0.0010	0.0013
	(S.E.)	(0.0005)	(0.0007)	(0.0014)	(0.0012)	(0.0007)
	ß	-0.0633	-0.0569	-0.3338	-0.1892	0.2244
8 Personal expenditure (% of total)	b	0.0363*	0.0404*	0.0719*	-0.0104	0.0138
	(S.E.)	(0.0154)	(0.0186)	(0.0315)	(0.0339)	(0.0221)
	ß	0.0442	0.0564	0.1200	-0.0159	0.0191
9 Percentage of previous vote	b	0.5604***	0.6584***	-0.0262	1.4353***	0.3970*
	(S.E.)	(0.0743)	(0.1069)	(0.2023)	(0.2166)	(0.1701)
	ß	0.6229	0.7544	-0.0325	1.7858	0.3719
10 Percentage of previous vote^2	b	-0.0006	-0.0017	0.0074**	-0.0116***	0.0025
	(S.E.)	(0.0010)	(0.0013)	(0.0025)	(0.0024)	(0.0032)
	ß	-0.0438	-0.1460	0.7470	-1.2324	0.1099
11 PC	b	7.4969***	5.4975***	—	—	—
	(S.E.)	(1.3416)	(1.1733)	—	—	—
	ß	0.1770	0.1616	—	—	—
12 Liberal	b	3.8000**	1.7311	—	—	—
	(S.E.)	(1.3402)	(1.1553)	—	—	—
	ß	0.0897	0.0509	—	—	—
13 NDP	b	1.6518	—	—	—	—
	(S.E.)	(1.0322)	—	—	—	—
	ß	0.0390	—	—	—	—
14 Government party candidate	b	-9.4504***	-9.6487***	-11.2824***	-9.5628***	—
	(S.E.)	(0.9063)	(1.0206)	(1.9359)	(1.9387)	—
	ß	-0.2232	-0.2836	-0.3947	-0.3401	—
15 Percentage voter turnout	b	0.0234	-0.0243	-0.2174	0.3865*	-0.0927
	(S.E.)	(0.0623)	(0.0809)	(0.1580)	(0.1544)	(0.0707)
	ß	0.0063	-0.0074	-0.0754	0.1362	-0.0381
16 Percentage immigrants	b	-0.0104	-0.0291	-0.0087	-0.0167	-0.0269
	(S.E.)	(0.0320)	(0.0414)	(0.0822)	(0.0777)	(0.0368)
	ß	-0.0064	-0.0206	-0.0071	-0.0138	-0.0258

Table 4.11 (cont'd)
Regressions for pooled dataset, no incumbent running, 1979–88

Variable	Statistic	Total pooled	PC, Liberal, NDP Pooled	PC	Liberal	NDP
17 Average household income ($Th)	b	0.0494	0.0906	0.0390	0.1049	-0.0203
	(S.E.)	(0.0424)	(0.0557)	(0.1242)	(0.1168)	(0.0506)
	β	0.0214	0.0444	0.0219	0.0598	-0.0135
18 Quebec	b	0.5890	1.0516	0.5173	3.5670	0.2110
	(S.E.)	(0.8745)	(1.1543)	(2.6670)	(2.6091)	(1.0691)
	β	0.0140	0.0279	0.0157	0.1102	0.0076
19 Ontario	b	-1.5287	-1.6087	-1.7448	-0.7865	0.6783
	(S.E.)	(0.9079)	(1.1812)	(2.4949)	(2.2806)	(1.0914)
	β	-0.0385	-0.0469	-0.0582	-0.0267	0.0268
20 Prairies	b	-1.5175	-1.5168	-2.3709	-2.9963	5.5407***
	(S.E.)	(1.2011)	(1.5734)	(3.1282)	(2.8501)	(1.5413)
	β	-0.0238	-0.0271	-0.0484	-0.0622	0.1340
21 British Columbia	b	-1.8950	-2.0603	-3.4847	-3.9488	7.5912***
	(S.E.)	(1.0795)	(1.3997)	(2.7910)	(2.5058)	(1.3797)
	β	-0.0347	-0.0435	-0.0842	-0.0970	0.2174
Intercept	b	-0.1227	2.2663	9.6826	-33.5380*	22.7211***
	(S.E.)	(5.0677)	(6.6894)	(14.4622)	(13.4564)	(6.3127)
Adjusted R^2		0.8251	0.7131	0.5446	0.5626	0.8693
N		*(756)*	*(567)*	*(189)*	*(189)*	*(189)*

Two-tailed tests for significance: * $p < .05$; ** $p < .01$; *** $p < .001$.

through the campaign itself. What is clear is that the known factor of incumbency can be overcome through electioneering effort, the process of becoming better known. While the slopes of the curves are not markedly divergent, the difference is enough to permit the conclusion that constituency campaign races can be regarded as competitive even within a campaign regulatory environment.

The reason for the finding of no expenditure effect for incumbents is partly methodological and partly empirical. There is no significant correlation between expenditure and votes for incumbents, but there is a relationship. While there is a spending effect for non-incumbents, these results are in part due to the nature of the variation (see table 4.12). On average, incumbents spend at or near the upper end of the expenditure ceiling, with a mean expenditure of 85 percent of the limit (within a very narrow range, a standard deviation of 13 percent). Since this distribution is negatively skewed, most incumbents spend even more than the average 85 percent; they are grouped at the high end, toward the

Table 4.12
Expenditure as a percentage of expenditure limit

		Expenditure			
Sample	Statistic	Total	Incumbents	Running against an incumbent	Open: no incumbent running
Total (pooled)	Mean	53.16	84.51	42.14	55.32
	(s)	(37.43)	(13.12)	(37.04)	(36.96)
	Skewness	-0.25	-1.34	0.26	-0.35
	N	*(4 525)*	*(958)*	*(2 825)*	*(756)*
PC, Liberal and NDP (pooled)	Mean	66.43	84.78	56.97	68.75
	(s)	(31.68)	(12.62)	(34.29)	(30.70)
	Skewness	-0.88	-1.21	-0.37	-1.03
	N	*(3 420)*	*(940)*	*(1 927)*	*(567)*
PC	Mean	81.38	85.54	76.22	84.74
	(s)	(21.22)	(11.50)	(27.46)	(17.77)
	Skewness	-2.10	-0.96	-1.49	-2.53
	N	*(1 141)*	*(468)*	*(491)*	*(189)*
Liberal	Mean	76.77	83.88	71.96	77.80
	(s)	(21.22)	(13.98)	(23.81)	(20.47)
	Skewness	-1.21	-1.30	-0.84	-1.46
	N	*(1 140)*	*(374)*	*(582)*	*(189)*
NDP	Mean	41.11	84.61	35.68	43.70
	(s)	(33.78)	(12.14)	(31.85)	(33.67)
	Skewness	0.30	-1.21	0.55	0.17
	N	*(1 139)*	*(98)*	*(854)*	*(189)*

spending ceiling. By contrast, average spending is 53 percent of the limit for the total pool, 42 percent for those running against an incumbent and 55 percent for those running in an open seat. All of these non-incumbent descriptive indices show considerably more variation, as the standard deviations are all well over 30 percent, more than double that for incumbents. The selection control procedure indicates that while incumbents do have a marginal advantage, they also campaign strongly. From the pooled results, campaign activity at the upper end is clearly important, but as with other factors relevant to incumbency (the insignificance of constituency service and a longer term of office), there is a diminishing return. While incumbency is a factor, it is still surmountable by activity in the constituency campaign.

The implications of campaigning and incumbency can be assessed through a simulation of what may occur under changes in the expenditure limit. Since incumbents spend in the upper range, near the ceiling, and since their variation is also concentrated there, the baseline for comparison is taken as the total pooled results from the regression, results that also include the control for incumbency. A comparison can then be made with the results obtained for those running against an incumbent. There are significant differences relative to the diminishing and increasing returns attributable to spending. These differences can be compared to the findings on the incumbency advantage, which is approximately 7 percent.

The method of comparison is to simulate results using the coefficients from the regressions on both increases and decreases in percentages of the expenditure limit. Expenditure as a percentage of the limit was used to normalize its effect across constituencies. Simulations based on the equations in figure 4.1 are given according to what may result from a 50 percent decrease in the expenditure limit to a 50 percent increase in the expenditure limit in increments of 10 percentage points (see table 4.13). Interveners at the Commission's public hearings suggested increases in candidate spending limits from 20 to 50 percent, and spending limits per elector at the provincial level are generally higher than federal election limits (Ontario, Commission 1988). Both decreases and increases are addressed here in order that a balanced comparative context be presented.

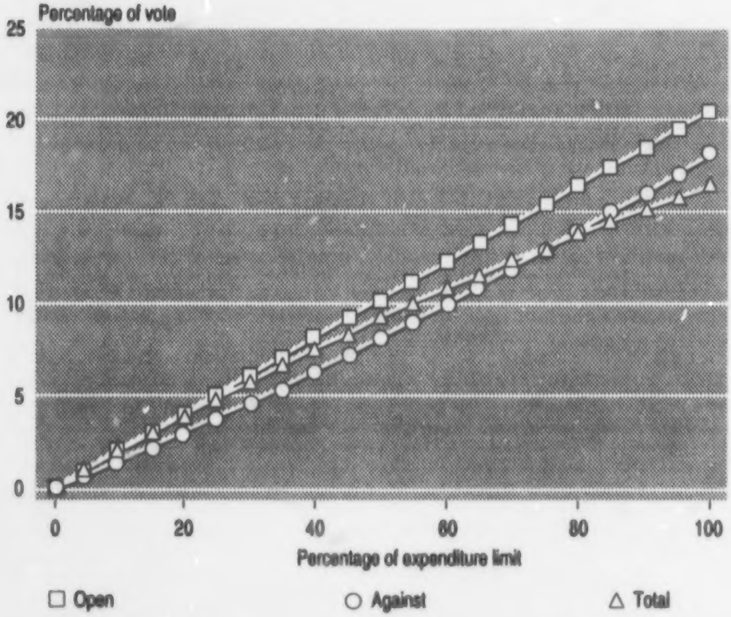
The regression lines in figure 4.1 indicate that the differences between those running against incumbents and the pool reach equality in competition at about 78 percent of the expenditure limit. It should be recalled that on average incumbents spend more than this, at 85 percent of the ceiling, and that their median spending is even more than this (negatively skewed). Because of the increasing returns for those running against incumbents and the decreasing returns evident in the total, reducing the spending limit would probably increase the

Table 4.13
Percentages of the vote gained according to alterations in candidate expenditure limits

	Decreases/increases in expenditure limits (percentages)										
	-50	-40	-30	-20	-10	0	10	20	30	40	50
Total (pooled)	9.3	10.9	12.4	13.8	15.2	16.4	17.6	18.7	19.7	20.6	21.5
Running against an incumbent	8.2	10.1	12.0	14.0	16.1	18.2	20.4	22.7	25.1	27.5	30.0
Difference	-1.1	-0.8	-0.4	0.2	0.9	1.8	2.8	4.0	5.4	6.9	8.6

importance of the incumbency effect, since challengers may be unable to compensate. By contrast, a 30 to 40 percent increase in the expenditure ceiling would cause the differentiation to reach five and one-half to seven percentage points in favour of challengers, about on par with the incumbency advantage. Thus, an increase of between 30 and 40 percent in the expenditure limit may be sufficient to overcome the incumbency effect at its lowest estimate. While the limitations of extending these findings must be recognized, there is a suggestion that a modification on the campaign regulation side may serve to level off the effect of incumbents' advantages, thus enhancing the competitiveness of the constituency contest.

Figure 4.1
Simulation equations for candidate campaign expenditure (as a percentage of expenditure limit) by percentage of votes won



Total (all candidates pooled):
$\% \text{ votes} = (.20648)(\% \text{ expenditure}) + (-.00042)(\% \text{ expenditure})^2$

Against (running against an incumbent):
$\% \text{ votes} = (.14571)(\% \text{ expenditure}) + (.00036)(\% \text{ expenditure})^2$

Open (no incumbent running):
$\% \text{ votes} = (.20581)(\% \text{ expenditure})$

CONCLUSION

The results suggest that members of Parliament seeking re-election enjoy an advantage not shared by challengers. It is not an advantage determined by attributes, such as constituency service, unique by definition to incumbents, but more a function of voters' awareness of the candidate. Even though incumbents also spend more, there is no necessary link to the election outcome, such as that implied by the notion that money buys votes. However, it is in no way certain that incumbency is an automatic advantage: with greater voter turnout, incumbents tend to receive a smaller share of the vote, and there is evidence suggesting a substantial change in vote against incumbents. Awareness of candidates on the part of the electorate is clearly important for both incumbents and their opposition. Campaigning efforts, gains in access, become crucial as part of a process for informing the public. The extent of electioneering activity may therefore contribute to a competitive electoral choice as the institutional advantages are shown to be surmountable.

The survey results alone indicate that campaign canvassing is an effective way of offsetting the apparent benefits of running as an office holder. More important, electioneering is substantially stronger than the incumbency advantage insofar as candidate vote achievement is concerned. While addressing campaigning more indirectly, the aggregate analysis points in much the same direction, granting greater credibility to the findings. Candidate spending has a strong effect even under a wide array of controls for social and political factors. Both the survey data and the aggregate analysis estimate the campaign effect to be, at a minimum, twice that of the incumbency factor.

The effect of candidate expenditure differs markedly according to the strategic context of the campaign – in particular, according to whether or not an incumbent is also running. While incumbency is institutionalized because of the structure of the electoral system itself, the elections investigated here have been held within another structural constraint – candidate expenditure limits. Because incumbents spend relatively close to the expenditure ceiling and because in general increasing expenditure up to the limit tends to a diminishing return in votes, the initial awareness advantage attributable to incumbents is capped and, by comparison, increases in their expenditure produce limited results. Conversely, if a candidate is running against an incumbent, there is evidence that campaign spending tends to bring increasing vote returns to a degree that can almost overcome the initial incumbency advantage. If no incumbent is running, or the race is open, there is a strict linear contribution (attributable to candidate spending) to the share of votes received, indicating an equal effect for equal effort – in brief, competitiveness. If the election context involves an incumbent, raising the spending limit by 30 to 40 percent has the potential to mitigate the incumbency advantage.

In contrast to the arguments and findings of similar studies on other countries, the evidence presented in this study suggests that campaigns at the constituency level are competitive in Canada. The results from the survey and aggregate analyses converge on (1) the institutional advantage of party and incumbency and (2) the greater significance of campaign contact and expenditure compared to institutional effects. This convergence extends a considerable degree of reliability to this competitiveness conclusion. In the period of elections under study, regulation per se has not obliterated the fruits of the contest at the constituency level. From the survey findings, national cues such as leadership and partisan attachment still outweigh the candidacy factor. But the results stand in contrast to studies at the broader party level, which argue that no mandate is given, as elections are characterized by uncompetitive brokerage politics nationally (Clarke et al. 1984; 1991). Constituency elections that focus on the issue of the choice of the person to act as the representative are apparently different. They are competitive and influenced by the degree of effort put into the campaign, an effort that helps give the Canadian electorate a significant political choice.

METHODOLOGICAL APPENDIX

Micro-level Analysis

The linear and logistic regression equations are based on variables from the 1988 Canadian National Election Study. All variables are coded to be party-specific relative to the party of the reported vote. All cases are weighted by the National Sample Weight to reflect national population distributions.

$$\mathrm{VTP}_t = a + b_1\mathrm{SERV} + b_2\mathrm{INCP} + b_3\mathrm{CAND}_{\mathrm{contact}} + b_4\mathrm{PARTY}_{\mathrm{contact}}$$

$$+ b_5\mathrm{VTP}_{t-1} + b_6\mathrm{LEADER} + b_7\mathrm{PARTY} + e$$

Variable Descriptions

VTP_t The respondent's reported party vote, where 1 indicates a vote for the party (Conservative, Liberal or New Democratic) and 0 otherwise. Non-voters and those who indicated voting for a candidate from other than the three major parties are included in the 0 category. (Questions from the Post-Election Survey: XB1 and XB2.)

SERV The respondent's indication that she or he had met with her or his member of Parliament or had contacted the member's office on a three-point scale of: 1 for satisfaction with the response from the member or the office, 0 for no contact with the member or the office, and -1 for dissatisfaction with the response from the member or the office. (Questions from the Campaign-Period Survey: D10F and D11D.)

INCP The respondent's indication that one of the candidates was at the time of the campaign the constituency's member of Parliament and the candidate's represented party, where 1 indicates the incumbent and 0 otherwise. Those who responded "Don't know" to either the question on whether a candidate was an incumbent or on which party the incumbent represented are included in the 0 category. (Questions from the Campaign-Period Survey: D9 and D9A.)

$\mathrm{CAND}_{contact}$ The respondent's indication that she or he had been contacted by the constituency party organization in person or by telephone during the campaign. This is a three-point scale, where 0 indicates no contact with the party organization, 1 indicates contact with the specific party organization used in the regression and with another party organization, and 2 indicates contact with only the specific party organization used in the regression. (Questions from the Post-Election Survey: XC3 and XC3A.)

$\mathrm{PARTY}_{contact}$ The respondent's indication that he or she had been contacted by the constituency party organization during the campaign in any other way than by person or by telephone. This is a three-point scale coded in the same manner as the variable $\mathrm{CAND}_{contact}$. (Questions from the Post-Election Survey: XC4 and XC4A.)

VTP_{t-1} The respondent's reported party vote in the previous election, where 1 indicates a vote for the party and 0 otherwise. Those who reported "Not voting" in 1984 are included in the 0 category. (Questions from the Campaign-Period Survey: B6 and B7.)

LEADER The "thermometer" rating scale on the leader of the party, with a range from 0 to 100. (Questions from the Post-Election Survey: XE2A XE2B XE2C.)

PARTY The "thermometer" rating scale on the party, with a range from 0 to 100. (Questions from the Post-Election Survey: XE2D XE2E XE2F.)

a The intercept.

e The error term.

b_n The unstandardized coefficient for each term.

Macro-level Analysis

The full regression equation for the pooled dataset covering 1979 to 1988 inclusive, with the variable descriptions and sources is as follows:

$$
\begin{aligned}
\mathrm{VT}_t = {} & a + b_1\mathrm{INC} + b_2\mathrm{AGAINST} + b_3\mathrm{TERMS} \\
& + b_4\mathrm{CAND}_{exp\%} + b_5\mathrm{CAND}^2_{exp\%} + b_6\mathrm{CHAL}_{exp\%} + b_7\mathrm{CHAL}^2_{exp\%} + b_8\mathrm{PERS}_{exp\%} \\
& + b_9\mathrm{VT}_{t-1} + b_{10}\mathrm{VT}^2_{t-1} + b_{11}\mathrm{PC} + b_{12}\mathrm{LIB} + b_{13}\mathrm{NDP} + b_{14}\mathrm{GOVT} \\
& + b_{15}\mathrm{TURNOUT\%} + b_{16}\mathrm{IMMIGRANT\%} + b_{17}\mathrm{INCOME\$} \\
& + b_{18}\mathrm{QUE} + b_{19}\mathrm{ONT} + b_{20}\mathrm{PRA} + b_{21}\mathrm{BC} + e
\end{aligned}
$$

Variable Descriptions and Sources

VT_t The percentage of the valid vote for the actual election (Canada, Elections Canada 1980a, 1980c, 1984, 1988a).

INC An incumbency variable. For the 1980 and 1984 elections, this is a dummy variable where 1 indicates the candidate is the incumbent and 0 otherwise. For the 1979 and 1988 elections, this variable is expressed as a scale proportion ranging from 0 to 1 for incumbents, 0 otherwise. The scale metric is that proportion of the newly redistricted constituency's population that was included from the constituency that the incumbent previously represented. Sources for this coding include the preliminary list from *Canadian News Facts* and the *Canadian Parliamentary Guide* and population transference data provided by Elections Canada.

AGAINST A dummy variable, where 1 indicates the candidate was running against an incumbent and 0 otherwise.

TERMS A dummy variable for incumbents, where 1 indicates the incumbent held office for longer than the previous Parliament and 0 otherwise. Sources are the same as those cited for the incumbency term INC.

$\mathrm{CAND}_{exp\%}$ and $\mathrm{CAND}^2_{exp\%}$ The candidate's election expenses as a percentage of the constituency election expenditure limit (Canada, Elections Canada 1980b, 1981, 1985, 1988b).

$\mathrm{CHAL}_{exp\%}$ and $\mathrm{CHAL}^2_{exp\%}$ The candidate's main opposition's election expenditure as a percentage of the constituency election expenditure limit. The main opposition is determined by the rank ordering of the results from the previous election (Canada, Elections Canada 1980b, 1981, 1985, 1988b).

$\mathrm{PERS}_{exp\%}$ The candidate's personal expenses as a percentage of the total personal expenses of all candidates running in that constituency (Canada, Elections Canada 1980b, 1981, 1985, 1988b).

VT_{t-1} and VT^2_{t-1} The percentage of the valid vote for the party the candidate ran for from the previous election. The votes previous to the 1980 and 1984 elections are from Elections Canada (respectively, Canada, Elections Canada 1980a, 1980c). The votes previous to the 1979 and 1988 elections are from transpositions provided by Elections Canada.

PC, LIB and NDP Dummy variables for the Conservative, Liberal and New Democratic party candidates, where 1 indicates the candidate ran for that party and 0 otherwise.

GOVT Dummy variable with 1 indicating that the candidate ran as a representative of the party that formed the government at the time of the election call (Liberals in 1979 and 1984, Conservatives in 1980 and 1988), 0 otherwise.

TURNOUT% The valid vote as a percentage of the enumerated electorate for each constituency (Canada, Elections Canada 1980a, 1980c, 1984, 1988a).

IMMIGRANT% The percentage of the riding population that was born outside Canada. For the 1979 and 1980 elections, data are from the 1981 census; for the 1984 and 1988 elections, the data are from the 1986 census (Canada, Statistics Canada 1982, 1988a, 1988b).

INCOME$ The average household income for the riding adjusted for the consumer price index with the base year of 1986. Sources and coding are the same as for the **IMMIGRANT%** variable above (Canada, Statistics Canada 1982, 1988a, 1988b, 1990).

QUE, ONT, PRA and BC Dummy variables for the region of the constituency (Quebec, Ontario, the Prairies and British Columbia), where 1 indicates the riding is in that region and 0 otherwise.

a The intercept.

e The error term.

b_n The unstandardized coefficient for each term.

NOTES

This study was completed in July 1991.

Portions of this study rely on a number of surveys and assistance in data collection and analysis without which the work could not have proceeded. The 1988 Canadian National Election Study was conducted for Richard Johnston, André Blais, Henry E. Brady and Jean Crête, and is available through the Institute for Social Research, York University. The 1988 Panel Survey re-interview of a sample from the 1984 Canadian National Election Study was organized by Ronald Lambert, Steven Brown, James Curtis, Barry Kay, Lawrence LeDuc and Jon Pammett and conducted by the Carleton University Journalism Centre and Alan Frizzell. The 1988 Exit Poll was organized by Alan Frizzell and conducted by the Carleton University Journalism Survey Centre. The Survey of Attitudes About Electoral Reform was conducted at the Institute for Social Research, York University, for the Royal Commission on Electoral Reform and Party Financing under the direction of André Blais and Elizabeth Gidengil. Wendy Watkins, from Carleton University, also provided assistance in facilitating access to the survey data. Personnel from Elections Canada provided data on election returns, transpositions, finance and numerous related indices. I extend my appreciation to these people and to Pierre Lortie, F. Leslie Seidle, Peter Constantinou and the anonymous reviewer for their counsel and suggestions. Only the author is responsible for the interpretation and presentation of this material.

1. For further use of the results from the 1988 Exit Poll and the 1988 Panel Survey, see Pammett (1989) and Clarke et al. (1991). The 1988 Canadian Institute of Public Opinion survey was conducted by the Gallup organization in early December 1988, with a total sample of 1 005.

2. Regression is the preferred technique since it is also used at the aggregate level, but this approach is not to be regarded as technically perfect with these survey data. Estimates of the contribution of one predictor variable may lie outside the 0 to 1 range, the limits permitted by the behaviour to be explained (to vote or not vote for that candidate/party). Since a linear assumption applies to the technique, it is impossible for the error terms in the standard regression equation to have a zero expectation, an assumption in regression for comparison to a perfect prediction. It may also incorrectly rate the contribution each explanatory variable makes by predicting cases outside the acceptable 0 to 1 range. The variable coefficients can be regarded as the conditional probability of each variable's contribution to determining the particular behaviour. There exist alternative techniques that do not succumb to the liabilities of standard regression, but the alternatives are not completely satisfactory either. Instead of applying a strict linear assumption, the idea of an S-shaped or probability or logistic curve can be substituted. Unfortunately, the logistic-curve assumption gives results that are not clearly interpretable as far as determining the contribution each predictor variable makes to explaining the dual choice in vote. They can be interpreted as a probability of increasing the likelihood of an event occurring, or the odds of occurrence, but not a direct percentage determination.

3. The generalizations of these correlations are conditioned by a drop-out problem in the micro-level approach. Because of the nature of several filters in the questionnaire design, those who knew nothing about the candidate of a party or whether a candidate had been nominated were among a large number of respondents excluded from the usable sample. Since the post-election survey was used in order to facilitate comparison with the macro-level studies that rely only on election results, this approach also reduces the number of valid cases. Consequently, the usable sub-sample is less than 600 in all instances (less than one-sixth the total sample size). As these

respondents are both informed and prepared to express an opinion on all the items included, the specific strength of each coefficient should be regarded as an upper bound estimate of the effect of each variable.

4. The conventional R^2 for a logit procedure (based on ratios of the likelihood for the specific model) tends to underestimate the strength of a model. From the results, the R^2 for the logistic regression is almost identical to the R^2 from the linear regression. The pseudo-R^2 adjusts for the underestimation and gives an approximation of the variation explained by the specific predictor variables included in the model proportional to the predictability without the predictor variables. For a description of these and other measures, see Maddala 1983, 37–41.

5. With a ratio of 19:24 of the total, or 45:55 in percentage terms, the analogous situation in a survey would be where 45 percent of respondents had no opinion on a question. This level of drop-out is at least serious enough to call into question the generalizability of the remaining results.

6. The methodology also suffers on an assumption of location stability, and for the same reasons. In a society where people change residence relatively frequently, there is an additional distortion. Only 56 percent of the population (the stable electorate) had the same residence in 1981 and 1986; 24 percent changed residence but stayed within the same census subdivision (city, town or county), but some of these, especially in the large urban cores, changed constituencies; 14 percent changed census subdivision and therefore probably constituencies; and the remaining 6 percent moved from another province or from outside Canada (Canada, Statistics Canada 1989). In addition, there is the change in electoral boundaries, effectively creating a new mix in a constituency, part of which may be controlled by re-aggregating the vote by party; but this process cannot include reassigning the candidate effect. Generally such elections are excluded, but this results in sampling bias, part of which the use of aggregate data is supposed to avoid. This degree of voting, geographic, and institutional instability is noted here since, much like the methodological problems of sampling error outlined at the micro level, the effects at the macro level may also generate incorrect estimates of the effects of variables included.

7. Although the results are not reported here, log transformations were also applied in place of the two-term polynomial. Using the square to fit a curve may lead to an increasing effect at one level of the metric and a decreasing effect at the opposite level of the metric. However, the log transformations (which do not suffer from such inverted curves) had less overall reliability of fit than the squares, and a visual examination of the results did not indicate evidence of any problems.

8. It must be noted that these three – turnout, income and immigrant make-up – will be identical for all candidates in a constituency, and thus the variation is reduced when a pooled regression (of all candidates) is run. Despite this drawback, they are also included in the complete results

(without a reduced model) for the reasons stated and because they yielded appreciably different effects in the separate regressions for incumbency and for each party under whose banner the candidate was running.

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5

CAPITAL-INTENSIVE POLITICS

Money, Media and Mores in the United States and Canada

Thomas S. Axworthy

DEMOCRATIC VALUES

> The rule of the people ... has ... the fairest of all names – equality.
>
> (Herodotus)

> The rich are few everywhere, the poor many – the real difference between democracy and oligarchy is poverty and wealth.
>
> (Aristotle)

> I think that the poorest he that is in England hath a life to live as the greatest he: therefore I think it is clear that every man that is to live under a government ought first by his own *consent* to put ruling himself under that government.
>
> (Colonel William Rainborough, Putney Debate, October 1647)

> As soon as any part of a person's conduct offends prejudicially the interests of others, society has jurisdiction over it and the question whether the general welfare will or will not be promoted by interfering with it becomes open to discussion.
>
> (J.S. Mill)

IN A FREE SOCIETY, liberties collide. Freedom of speech, for example, loses much of its value if there are not rules of order to regulate the discussion. Shouting matches are rarely productive. One of the essential tasks of all associations of human beings, therefore, is to create a fair and legitimate process for reconciling the inevitable conflicts when one freedom impedes another. How we organize ourselves to regulate such conflict is, in fact, a precondition for the establishment of self-government.

The resolution of this question – how best to reconcile colliding rights – lies at the heart of many democratic debates including the issue of fair campaign laws. In 1989, for example, the Royal Commission on Electoral Reform and Party Financing was struck to advise Canadians on a framework to guide party competition and political debate. To construct such a framework the Commission must address a host of thorny issues and make a series of difficult choices. For example, was Parliament right in 1974 to limit the freedom of candidates and parties to spend whatever they liked, thereby placing more value on political equality than individual liberty? Should this regulatory regime be preserved and perhaps strengthened, or should we return to a system of laissez-faire political competition? In essence, do we need to deregulate party financing, just as we have deregulated transportation? If it is deemed worthwhile to continue the 1974 regime, is it fair that parties and candidates are regulated, but interest groups are not? And if the logic of regulation demands that the principles guiding the 1974 Act be expanded to interest groups, what activities should be regulated and how? Absolute answers are in short supply. Nor is there one overarching standard that can guide the choices of the Commission. Trade-offs will be inevitable. But what should be clear is that behind the concrete issues of party finance, campaign techniques, and election law, is an intricate series of value choices. Each issue will bring before the Commission one of the most ancient and difficult questions in politics – is it right to limit the freedom of some in order to promote the freedom of others?

To assist the Commission in making its value choices, this study compares the historical development of political parties and campaign techniques in the United States and Canada, and then evaluates the practice of campaign politics in North America against a standard of fairness. The fundamental logic of all science, of course, lies in comparison. But beyond the intrinsic merits of comparison itself, an examination of the United States has particular relevance for the work of the Commission. As in so many areas of social and economic life, the United States and western Europe stand at opposite poles on questions of election law and campaign practice: with unlimited spending and few restrictions, the United States represents the values of unfettered competition and individual liberty. Most European countries, on the other hand, have a much more comprehensive system of campaign regulations, involving large-scale public subsidy and restrictions on campaign advertising. Canada stands somewhere in-between: the 1974 regime limits campaign spending, encourages individual giving and provides for public funding, but the parties still have wide discretion over how the money is raised and spent and there are few prohibitions, except time allocations, on campaign advertising. If the Commission favours a deregulated market-driven model of electoral politics, the United States presents a ready-made test case.

There is a second reason why American campaign technique warrants careful scrutiny. Our border is particularly porous when it comes to election innovations. From William Lyon Mackenzie and Louis-Joseph Papineau looking longingly at Jacksonian democracy, to R.B. Bennett emulating Franklin Roosevelt's fireside chats, to Keith Davey employing Lou Harris to work the same polling magic for the Liberal party that he did for John F. Kennedy, to the modern Conservative party utilizing direct-mail techniques pioneered by the Republicans, Canada has happily imported election themes, techniques and technology from our southern neighbour. This is hardly strange – the United States invented mass democracy and since the 1830s has pioneered new developments in the complicated business of delivering a message to millions of voters and subsequently encouraging them to exercise their franchise. Campaign management in the United States is so developed that it has become an industry, not an avocation. Canadians borrow heavily from this American source: the section on comparative political practice demonstrates, for example, that on average it takes between five and ten years for an American campaign innovation to make its way into Canada. By examining the United States today we can forecast the shape of Canadian campaigns five years hence. We have seen the future, and it doesn't work!

American campaign practice also vividly illustrates the thesis that modern electoral technology has significantly altered the balance of political power between rich and poor. Since democracy was invented in Athens 2 500 years ago, the divide between rich and poor has been one of the central fissures of politics. The rich had resources, but were few; the poor had little, but they did have numbers. For Aristotle, democracy was the polis for the poor – he recognized the radical premise of equality that underlay the democratic experiment. Technologies like polling, television advertising and direct mail, however, are replacing mass organizations as the critical determinants of politics. One no longer needs to build a party, a union, or a volunteer movement: with sufficient resources one can simply purchase the technological means to influence the populace.

This study makes no case for a crude technological determinism. No one factor, including technology, is responsible for significant shifts in the underlying balance of societal power. Education, changes in values, demography and economic advance all have an obviously large part to play. But technology does have an influence and in recent years it has been profound. Military metaphors are much favoured in political analysis: we like to talk of campaigns, advances, retreats, etc. In modern war, technology has revolutionized the way armies fight: rather than large infantry divisions frantically contesting the field, small groups of technicians now employ lasers, computers and radar (Ginsberg 1986, 150). Infantry is still required, but only after the enemy has been "softened up" by electronic warfare. So, too, with politics. The mass party, dependent on an organization or an army of volunteers to bring out the vote, has been displaced – if not replaced – by the direct-mail wizardry of the pollster, advertising executive and campaign consultant. To continue the military metaphor: campaign finance reforms, like those introduced under the 1974 Canadian regime, are similar to arms control treaties between superpowers. Rather than continuing a spiral of spending, the parties agree that they have a mutual interest in stability and regulated rules of conflict. The weakness of arms control regimes is that the technological genie always upsets the balance. New weapons are discovered and the rules have to be changed to keep up with the new threat. Similarly with electoral reform: if the Commission wants to preserve the existing "arms control" regime between the political parties, rather than return to the old system of "action-reaction" spending, it will have to be aware of the implications of the new technological imperative.

In subsequent sections, this study argues that we are in a new age of capital-intensive politics. Capital and resources have always been critical components of political power. But today the power of money, through the utilization of modern technology and its ability to displace mass organization, has acquired special significance. The balance between the power of numbers and that of resources has been tilted; capital is now more important than mass. The argument is made in four parts. First, concepts of democracy will be examined and criteria of fairness developed. The second section presents a historical study of campaign practice in Canada and the United States from the 1790s to the 1990s, while the third highlights modern campaign technology and assesses its impact on democratic theory. The study concludes with a series of recommendations to the Commission.

The thread of the argument is based on the following assumptions:

- Equality is at the heart of democracy: to have a rich public debate it is necessary to have equality of treatment, access and resources.
- The 1974 Canadian election expenses regime basically achieves this equality criterion and deserves to be preserved and strengthened.

- Developments in election campaign technology – polls, 30-second clips, direct mail, geodemographic targeting, etc. – have changed the balance of power in politics and threaten the equality criterion.
- These technological developments are most closely observed in the United States, which has a laissez-faire, action-reaction system of campaign finance and election law.
- Since the historical record shows that Canadian parties have been avid importers of American campaign technology, the existing Canadian system of regulated election finance will soon be under siege from technological advance, if this is not already happening.
- Therefore tight spending limits must be maintained in Canada, both because they contribute to fulfilling the equality criterion and because they force parties to choose carefully among alternatives, rather than simply buying whatever is available.
- If the existing 1974 regulatory regime is maintained, however, it must be expanded to include the activities of interest groups, so that the regulatory net catches all players. The goal of encouraging a rich public debate is best achieved by channelling the activities of these groups into a regulatory framework, such as that controlling access to the public airwaves, rather than by banning such activities outright.

Concepts of Democracy

In ancient times, mankind invented a political system in which citizens regarded one another as political equals, were collectively sovereign and possessed all the capabilities, resources and institutions needed to govern themselves. This concept – democracy – appeared first in Athens about 500 BC – a political transformation, writes Robert Dahl (1989, 13), equivalent to the invention of the wheel.[1] Cleisthenes, himself a noble, changed the Athenian constitution to permit free adult males – the demos – to participate directly in governing. Athens, as many critics have noted, did not allow slaves, women or those not born of Athenian parents to be citizens. Only 40 000 of the city's population of 250 000 were citizens.[2] Its radical innovation was to incorporate peasants, craftsmen and shopkeepers into the political community as citizens, but even this limited recognition "was without precedent in history" (Finley 1983, 15).

The conceptual breakthrough of Athens was to expand the notion of equality to include the citizenry as a whole. For the first time, a farmer, a cook or a soldier would be equal in political status to a noble, a banker or a king. The concept of kingship or aristocracy – a right to rule because of divine ordination or special qualities – gave way to the belief that individuals are inherently equal and accordingly deserving of equal status. This notion was bitterly contested: Plato attacked Pericles in the *Gorgias* for giving pastry-cooks equal status to philosophers; Aristotle warned about the class-based politics inherent in "rule by the poor"; and Aristophanes satirized the vulgarity of democratic Athens, compared with sober Sparta. Democracy's critics raised serious issues that command continued reflection, but it is the voice of democratic Athens that resounds through the ages. Pericles best articulated this: "I declare that our city is an education to Greece and I declare that in my opinion each and every one of our citizens, in all the manifold aspects of life, is able to show himself the rightful lord and owner of his own person, and to do this, moreover, with exceptional grace and versatility."[3] An education not only to Greece but to free men and women everywhere.

The Equality Criterion

Pericles' proud boast that Athenians were free, equal, self-governing and thus an education to Greece highlights the centrality to democracy of the values of liberty and equality. To govern themselves, men and women must be free to define their own conception of their own good. Each of us has a special dimension, a uniqueness that cries out to be realized. The purpose of life is to realize that potential, to become whatever it is we are capable of becoming. The purpose of society is to produce the conditions under which individuals have the broadest possible choice in deciding upon their definition of the good life.

So liberty is a prior condition. But democratic Athens did not overly emphasize personal freedom. The articulation of that value had to wait a thousand years until the Levellers, John Milton and John Locke in the 17th century. Socrates, after all, was put to death because of his impiety and personal eccentricities. Greek democracy emphasized communal association, not personal autonomy. Citizens could only make the best of their human qualities in association with others. A good citizen aimed at the common good, the good of the polis.

Equality was, therefore, the value most treasured by Greek democracy. Herodotus defined democracy as "the rule of the people," in which "equality under the law" prevailed, and a ruler was "held responsible for his conduct in office and all questions are put up for open debate" (1954, 239).

If citizens were to form a conception of the good of the polis, each citizen's self-definition had to be given equal consideration. Individuals must have an equal chance to put their choices on the agenda for the self-governing assembly to consider. Aristotle thought this pooling of views, rather than reliance on the judgement of a few, was one of the premier strengths of democracy. To seek the good of all, citizens must apprehend the good of each and thus be capable of understanding the common good that each shares with the others. Jeremy Bentham later made the point well: "Everybody ought to count for one, nobody for more than one" (Dahl 1989, 86). In our time, John Rawls emphasizes a similar criterion in defining a politically just constitution: "It requires that all citizens are to have an equal right to take part in, and to determine the outcome of, the constitutional process that establishes the laws with which they are to comply" (1971, 221).

The Greeks soon discovered, however, that procedural equality was not enough. Theoretical rights remain only pious wishes if there is no real opportunity to exercise them. To have effective freedom, or to give the choices of a free society real meaning, there must be some minimum distribution of resources sufficient to produce equality of opportunity. As R.H. Tawney wrote in a famous metaphor, "It is not an equal race if some of the contestants are lame" (Hattersley 1987, 36). Pericles knew this from the start: one of his most significant reforms was to begin paying citizens a minimum amount (two obols a day) for their participation in the assembly, the jury system and for service in the navy. Otherwise peasants or artisans could not afford to take time off work to exercise their right of participation. This first attempt to use public subsidy to equalize political opportunity led to howls of rage,[4] but Pericles realized, as have democrats ever since, that having the absolute right to do something was meaningless unless one had the actual ability to do it.

Attaining a fairer distribution of opportunities, however, leads to conflict over contending values. Since power, wealth or status are distributed unequally in society, the state or other expressions of collective authority must be used to redistribute such resources. The freedom of a few (to keep all they own) must be reduced to provide a greater measure of freedom for the many (by giving them resources they otherwise would not have). "Liberty is unequal," writes John Rawls, "when one class of person has greater liberty than another" (1971, 203).

Democratic Athens, therefore, required wealthy citizens to shoulder almost entirely all government costs, including those of the military, while poorer citizens were subsidized for their attendance at the assembly. This distribution was one reason why Aristotle concluded that social class was the real basis for the distinction between oligarchy and democracy: "The real ground of the differences between oligarchy and democracy is poverty and riches. It is inevitable that any constitution should be an oligarchy if the rulers under it are rulers in virtue of riches, whether they are few or many, and it is equally inevitable that a constitution under which the poor rule should be a democracy" (Aristotle 1962, 116). Ancient Greece, then, both in theory and practice developed enduring criteria for political equality. To meet this test any political system must achieve:

1. Equality of Treatment
   Based on the assumption of the intrinsic moral equality of all citizens (we are all equal in the sight of God), Aristotle rightly drew the conclusion that the magistrate "is the guardian of justice, and, if of justice, then of equality also" (Aristotle 1984, 179). Government must therefore treat all those in its charge as equals, that is, entitled to its equal concern and respect.
2. Equality of Access
   Since human beings are intrinsically equal in a fundamental way, in the process of collective decision making the interest of every person who is subject to the decision must be accurately interpreted and made known. Equality of access is the requirement that democratic institutions should provide citizens with equal procedural opportunities to influence political decisions. Everyone has an equal right to express preferences, place them on an agenda and attempt to influence the outcome at the point of decision.
3. Equality of Opportunity
   Power is a relationship between the desires and the capacity of citizens. Opportunities for attaining goals should be distributed as equally as possible to all citizens. Equality of opportunity does not say that all citizens should have the same rewards, but that they should have equal chances. In the Declaration of Independence, for example, Jefferson did not proclaim a *right* to happiness, but only to the *pursuit* of happiness – the opportunity to gain it. Equality of opportunity, therefore, requires more than procedural rights: it demands some real capacity to exercise them. Therefore democracies must aim for substantive as well as legal equality.

Greece, then, invented the concept of democracy and with it the core value of political equality. But ancient Greece was a collection of city states. It had no answer to the question of how democracy could be applied to a large, heterogeneous population. Democratic Athens could extend only to the 40 000 citizens able to meet on the hills of the Pnyx to hear the arguments of the orators. Direct democracy was by definition limited democracy; it could exist only as far as the voice could reach. It took a second transformation, a thousand years after the democratic voice of Greece had been stilled, to solve these problems. Direct democracy evolved into representative government. And as part of this change, personal freedom became as prized as equality. Democracy now became liberal democracy, and liberty joined equality as a central democratic value.

The Second Transformation

Democracy again leaped forward in the 16th and 17th centuries with the re-emergence of city state republics in Renaissance Italy and the development of representative institutions and constitutional liberties in 17th-century England. The primacy of individual rights in English liberal thought added an enduring component to the democratic legacy of Greece, while the invention of representation as a means to translate the will of the masses into practical government solved the problem of extending democratic ideals to large populations and territories. Representation, in turn, led to faction or the party system and to the very real problems facing this Commission – finding ways to apply theories of liberty and equality to modern political organization.

The famous formulation by Colonel Rainborough in the Putney debate quoted earlier demonstrates how far democratic theory had progressed since the age of Pericles. The ideals to which this leading Leveller was giving expression emphasized the role and autonomy of the individual. To the Levellers and to liberals ever since, the individual is the unit of supreme value in a society. John Locke holds pride of place as the first philosopher to apply the ancient concept of natural law to the new 17th-century notion of individual rights. In Locke's state of nature, individuals came into being with the inalienable rights of life, liberty and property. Governments were brought into existence through the agreement of autonomous individuals that their rights were better protected if they joined together in an association. But rights existed prior to governments. Governments were beholden to the people, not the other way around. If the contract was broken, the people had the right to rebel.

Equality was not forgotten in 17th-century thinking, for each individual counted equally. In Rainborough's words, "The poorest he that is in England hath a life to live as the greatest he." But the goal now was maximum freedom for individual choice, leading to self-realization, rather than the Greek ideal of the good of the polis. C.B. Macpherson captures this dimension well with his statement that the aim of democracy is "to provide the conditions for the free development of human capacities, and to do this equally for all members of the society" (1965, 58).

Liberty, then, joined equality as a basic element of the democratic creed. But as J. Roland Pennock has recognized, "Yet these twin ideals – slogans on the emblem of democracy – are not easily reconciled. Between them, at least, a considerable tension exists" (1979, 16). The two values are not incompatible. They are not antinomies. But neither can be absolute. Citizens have rights, but they also have obligations. Obligations limit liberty. As J.S. Mill observed, every one who receives the protection of society owes a return for the benefit. "This conduct consists, first in not injuring the interests of another" (1975, 92) – and second, everyone must bear a fair share. The definition of what constitutes a fair share, of course, is the wellspring of modern political debate. If we agree with Isaiah Berlin that it is not enough to have "freedom from," but that we must also aim for "freedom to," then "the freedom of some must at times be curtailed to secure the freedom of others" (1969, 126).

Striking such a balance is not easy. The liberty of free association in schools, clubs and public facilities, for example, confronts the egalitarian ideal of integration. Practical compromise, Berlin writes, is the only answer. Certainly if one accepts that one person's life is worth as much as another's, then no one should be denied the basic necessities of life. At many crucial points, therefore, such as ensuring access to legal counsel or the right to a decent education, society reduces the effects of inequality by redistributing resources. The issue is: What is a right? Education is a right, therefore we use the state's taxing power to guarantee access. A month's paid vacation is a desirable object, but not a right, and thus we leave it up to the private sector to decide this question. The argument of this study is that equal political access is a right or a basic necessity of life, and therefore the ideal of equality of opportunity in the electoral race is on balance more important than the absolute liberty of parties or candidates to spend as much as they wish.

Seventeenth-century England not only advanced the cause of constitutional rights, but it also equally emphasized the primacy of representative institutions. Parliament actually was a medieval institution in that it had been created to represent estates of the realm. In Tudor days it existed to vote supplies for the King and to promote local interests. But during the 17th century the notion grew that England should have a balanced constitution, with the House of Commons and the Lords equal in status to the monarchy. The English Civil War was fought over the issue of King or Commons. By putting a king to death, Cromwell decided conclusively which institution would be supreme. And over time, the House of Commons added to this influence by becoming the institutional expression of the will of the people (even though restrictions on the entitlement to vote were far more severe than in democratic Athens).[5] Representation was born. It was, said James Mill, "the grand discovery of modern times" (Dahl 1989, 29). By voting for representatives who would then travel to a central locale to debate and decide, as the citizens of Athens had once trudged to the Pnyx, democracy, as the free expression of the citizens' choice, could be expanded to ever larger numbers. But how would the votes of such numbers of people be structured and the choices ordered? Through the invention of the party system.

Equality in a Party System

Politics is always about a struggle for power. In any political system people will join together in attempts to win authority or to influence its exercise. Politics in democratic Athens, for example, was a tough, nasty business: factions headed by leaders like Cleon, Alcibiades or Nicias vied for control of the assembly, with the loser frequently being ostracized and forced into exile. Ostracism was an especially potent weapon in an era without pamphlets, mail or political means of communication other than the human voice. If an orator was not in the assembly to speak, it was difficult, if not impossible, to influence the masses. Citizens in the assembly made their choices in the same complex way as voters do today.[6]

If factions were the main organizing nexus of the first democracy in Athens, so, too, parties emerged simultaneously with representative government in 17th-century England. The collective pursuit of power and principle typified the Puritan party of Pym, Hampton, Cromwell and the Levellers. By the 18th century Edmund Burke could give his classic definition of party as "a body of men united for promoting by their joint endeavours the national interest upon some particular principle in which they are all agreed" (Burke 1975, 113). By the 19th century mass parties had become the norm in Europe and North America, and in our country, parties continue to be *the* critical mechanism for articulating values, aggregating interests and organizing choice. (The section which follows describes at greater length the origin and historical development of the North American party system.) How, then, do the political equality criteria outlined above, leavened by an equal devotion to liberty, apply to a political party system?

1. Equality of Treatment
    a. The principle of "one person one vote" is an electoral equivalent of the general principle that "everybody ought to count for one, nobody more than one."

  - b. To maintain the principle of "one person one vote" it is necessary to eliminate real or apparent corruption by removing suspicion about political financing. Disclosure must be the operative rule.
  - c. In any system of election campaign regulation there should be equal treatment of political parties and other organized groups. Rules that apply to one should apply to the other.

2. Equality of Access
  - d. To achieve the goal of maximizing individual choice it is necessary to create a framework that produces the richest possible political debate. Citizens must be as well informed as they can be about the impact of choices that will affect their lives.
  - e. The cost of campaigns should be reduced, or at least controlled, so that candidates and parties are not in thrall to any one special interest. To produce rich public debate, parties cannot be dependent upon any one dominant source of financing.
3. Equality of Opportunity
  - f. Financial considerations for individual candidates should be minimized, so as to attract the widest possible array of citizens willing to consider public service.
  - g. The competitiveness of campaigns can be increased by equalizing the resources of parties and candidates through public subsidy.
  - h. Participation may be increased by broadening the base of small contributions.

In the concluding section of this study, the criteria laid out above are applied to the specifics of the Canadian electoral system, and a series of recommendations is proposed. The principles enumerated here strike a proper balance between preserving the liberties of parties and candidates, while more fully equalizing opportunities for financially disadvantaged political actors. In a pluralistic society all interests should have an equal chance to make their voices heard and to influence the choice of the individual voter. Exorbitant campaign costs have the potential of unduly tilting the system toward moneyed interests, and new advances in campaign technology aggravate this trend. In campaign finance we need more equality of opportunity, not less. As Michael Walzer writes, liberty and equality are the two chief virtues of our democratic system, but "they stand best when they stand together" (1980, 256).

COMPARATIVE POLITICAL PRACTICE IN THE UNITED STATES AND CANADA

> Party is a body of men united for promoting by their joint endeavours the national interest upon some particular principle in which they are all agreed.
>
> (Edmund Burke, 1770)

> The most common and durable source of factions has been the various and unequal distribution of property ... A landed interest, a manufacturing interest, a mercantile interest, a moneyed interest, with many lesser interests, grow up of necessity in civilized nations and divide them into different classes, actuated by different sentiments and views. The regulation of these various and interfering interests forms the principal task of modern legislation and involves the spirit of party and faction in the necessary and ordinary operations of governments.
>
> (James Madison, Federalist Paper no. 10, 1787)

> The divisions of the House of Assembly became national, the English on one side forming the minority with which the government is allied and the Canadians on the other forming the majority, to which is attached the mass of the people: the heat of these national divisions passes from the House of Assembly to the people. The whole country is thus divided into two, the English government on one side and the mass of the people on the other.
>
> (Pierre Bédard, 1814)

> As soon as Toronto returns Conservative members it will get Conservative appointments but not before.
>
> (John A. Macdonald, 1866)

> We have heard of men who had the courage of their convictions. Sir John A. Macdonald surpasses these. He has the unique glory of having the courage of his corruption.
>
> (*The Globe*, 1873)

> Canada, we know is a country of violent oppositions.
>
> (André Siegfried, 1906)

In the preceding section on democratic values, this study argues that in deciding on the recommendations to make to Parliament on the reform of our election laws, members of the Commission will have to weigh the respective merits of liberty and equality. In applying these choices the Commission must answer an additional prior question: How valuable is the institution of the political party? Does the Commission favour strong, well-financed parties that serve as intermediate, independent variables between the voter and government, or does it prefer a system which allows an individual's personal preferences to be transmitted instantly to decision makers? Is the Commission interested in strengthening *representative* democracy or *direct* democracy?

These are not idle questions. As the following historical treatment makes clear, political parties or organized factions have been controversial since their inception. Parties have been necessary, but unloved. Every American, says the old joke, wants a son or daughter to be President, but no one wants a politician in the family. Campaign technology, as the section on capital-intensive politics argues, is shifting power away from party organizations toward individual entrepreneurial politics. Futurologist John Naisbitt writes approvingly that on Capitol Hill in the United States, "individualism is rampant. There are now 535 political parties in Congress, the same number as members" (Naisbitt and Aburdene 1990, 302). Naisbitt paints a picture of a future electronic heartland where citizens are sovereign and the consumer is king.

A new vision of Periclean Athens with millions of consumers able to participate electronically in a teleconferenced assembly may be a little far-fetched, but there is no question that technology now allows direct interaction between a candidate and a voter with little need for a party middleman.

This study takes a different tack. Parties are not only necessary; they are highly desirable. The recommendations contained in the concluding section advocate strengthening the party system, both by expanding public funding and by limiting the freedom of interest groups. The historical development of the North American party system from 1790 to 1990, described below, demonstrates that as democracy expands, so do the functions of parties. Without mass voting, there are more economic means for individuals to seek office than by organizing a political party. In 18th-century Britain, for example, most members were elected thanks to the patronage of a few influential persons rather than the exertions of hordes of volunteers.

This section of the study summarizes the detailed chronologies of the American and Canadian party systems found in appendices A and B. Since they are fully referenced, citations have been kept to a minimum in this section.

Parties contribute at least six functions to any political system.[7] First, by definition, as Edmund Burke proclaimed in his address "On the Present Discontents," party refers to any group, however loosely organized, that seeks to win authority or to influence its exercise. Under this minimal definition, factions were part of the democratic politics of Greece or Rome, and groups organized around the principles of religion and the rights of Parliament appeared in 17th-century Britain. Second, parties articulate values and mobilize public opinion. Burke discussed the promotion of "the national interest upon some particular principle in which they are all agreed," Benjamin Disraeli defined party as "organized opinion," and Benjamin Constant, the great 19th-century liberal, similarly believed that "a party is a group of men professing the same political doctrine" (Duverger 1954, xiv). Third, parties recruit leaders.

Winning authority, articulating values, and organizing the government are party functions that predate democracy. All three functions were carried out, for example, by the Whig and Tory parties prior to the expansion of Britain's franchise in the great Reform Bill of 1832. Three other roles, however, deeply implicate parties in the functioning of mass democracy. Here American political practice led the world, although Canada, with the extensive franchise of 1791 in Upper and Lower Canada, matured quickly. In pluralistic democracies, parties structure the vote, advance public policies and aggregate interests. In 1800, for example, Jefferson's Republicans canvassed voters door-to-door in the campaign for the presidency; in 1840 the Democratic Party used its convention to publicize its principles; and in 1841 the Baldwin–Lafontaine alliance in Canada began the tradition of French–English cooperation. Parties are not the only institutions to fulfil these functions, of course – interest groups help to formulate the public agenda, public servants determine policy as readily as politicians – but the study argues that parties have a special capacity for these tasks, and party viability, therefore, should be a priority (see table 5.1).

This preference for representative rather than direct democracy, party rather than entrepreneurial politics, is due to two reasons. The first stems from a belief about human nature; most people, most of the time, are not interested in public affairs. The participatory goal is a noble one,[8] and opportunities for involvement must abound, but private pursuits have a stronger call. In Canada, for example, one study of the 1979 electorate reported that although 66 percent of the sample usually voted, only 25 percent discussed politics with friends, 8 percent tried to persuade their friends to vote, 4 percent attended an election meeting and 3 percent volunteered for campaign activities (Clarke et al. 1984, 180). Similarly in 1988, only 2.6 percent of taxpayers claimed the tax credit for contributing financially to the parties and candidates.

With only 4–5 percent of Canadians deeply involved in political life, the functioning of a democracy must depend upon the skills of a small élite of politically motivated citizens. The craft of government, therefore, as Donald Creighton writes about his hero Sir John A. Macdonald, consists "essentially in managing a small group of men which a far larger group of men had selected to govern them" (1952, 180).

Table 5.1
The development of party functions

	Great Britain		Canada		United States	
1. Organizing the legislature/ government	1688	Glorious Revolution	1827	Parti Canadien sweeps Lower Canada assembly elections	1800	Republicans organize to win presidency in bitter fight with Federalists
2. Leadership recruitment	1721	Walpole becomes Whig First Lord of the Treasury	1836	Robert Baldwin becomes leader of Upper Canada Reformers	1796	Jefferson organizes Republican caucus in Congress, to nominate presidential candidates
3. Articulation of principles/ interests	1770–80	Rockingham Whigs oppose George III's American policy	1807–10	Pierre Bédard promotes ministerial, not-appointed, government	1789–96	Hamilton develops Federalist program
4. Aggregation of interests	1859	Palmerston coalition of Whigs, reformers and Free Traders leads to formation of Liberal party	1841	Baldwin–Lafontaine partnership of French and English Reformers	1828	Jackson coalition of Westerners, Democrats, small business and urban workers
5. Structuring of the vote	1867	Disraeli creates National Union of Conservative Associations	1912	Central Liberal Information Office	1848	Democrats create National Committee to serve between elections
6. Forming public policy	1891	Newcastle Programme of National Liberal Federation influences Rosebery Government of 1892–95	1859	Reform Convention of Upper Canada forms "Clear Grit" platform	1840	Democratic Convention publishes platform

This craft is not easily learned. Like any other skill it takes time and effort, learning by doing and by watching others do. Political leadership requires an apprenticeship. Parties provide this: they have the "institutional" memory of past glories and defeats, they provide tutelage in the necessities of democracy, such as establishing rapport with voters, and they provide an ideological screen which assists leaders in determining the "face" of important issues. Politics is an art, not a science. As Creighton (ibid., 322) declares, "There are no books and no divine revelations." The craft must be learned and passed on. Parties do this.

If one reason for the advocacy of party stems from human nature, a second is based on an assumption about society. Conflict between human beings is normal. A free society will always produce differences. There is no abstract standard that one can apply, other than that of maintaining as open a society as possible, so that ideas and interests can contend. For example, one difference between economists and political theorists is that an economist begins all analysis with a predetermined value – self-maximization usually expressed in profit – whereas in politics we must begin with the question – what values apply here?

Diversity of interests and the necessity to work with this fact of life, rather than bemoan it, form the centrepiece of James Madison's brilliant contributions to *The Federalist Papers*. "If men were angels," Madison deduces, "no government would be necessary" (1961, 322). But they are not. Therefore since all citizens define their interests differently (with property being the most important determinant of faction), "ambition must be made to counteract ambition" (ibid.). Madison understood that in a free society everyone must lose. Because no one interest was or should be absolute, society had to be structured so that although for most of the time most interests lost, they had to be content with the rules of the game and the procedures for fair treatment. A mechanism had to be found to dilute passion, make trade-offs, effect compromises, and ultimately choose. "Like a careful cook, Madison wanted to dissolve indigestible lumps and fiery spices in the blander waters of a large pot" (Burns 1963, 19). National political parties are such pots. To win power in a pluralistic, heterogeneous society, parties must refine and temper the sharp edges of special interest groups, regional tensions, or ideological passion. Since everyone loses – or at least rarely gains a complete victory – parties must work hard to aggregate interests. In a regionally diverse country like Canada, sharp issues must have their teeth drawn before they cut the country into shreds. Parties can do this internally – in caucus or cabinet – behind closed doors, following the famous broker model of Canadian politics, or they can do it externally in formal, open coalition-making on the floor of the legislature. In Germany or Israel, parties make bargains openly about agenda, cabinet posts and appointments. In Canada, the bargaining usually takes place within parties rather than between them. Until the 1880s, however, as in Israel today, leaders like Macdonald had to bargain openly with the "loose fish" representing provinces or economic interests, whose allegiance was to their region, not to the party. Macdonald used to complain about these independents, saying that after "being bought, they often refused to stay bought" (Underhill 1960, 23). Whether on the floor of the House of Commons or in a private caucus, interests have to be aggregated, conciliated and brokered. This, too, is part of the craft of governing. Adjudicating Madison's plurality of interests requires dedication, a long view and a broad scope. Parties, which are, after all, mass volunteer organizations with a professional core, can do this far more readily than individuals. Philosopher kings are in short supply.

The section which follows briefly outlines the development of party systems in Canada and the United States since 1791. The United States offers a rich source of comparison for two reasons. First, innovative campaigns have been a constant U.S. feature. Canadians adopt in five years what Americans are doing now. But ironically, as the inventor of strong, modern parties, the American party system has recently travelled down a different path. Parties, as organizations, have been weakened and replaced by "permanent campaign" professionals[9] who hire themselves out to the highest bidder. American parties are now largely flagships of convenience for individual candidates, who themselves are driven by the need to raise money and placate the political action committees (PACs) of the special interests. This is the reality of entrepreneurial, individualized politics.

Discordant Parties: 1791–1828

If the promoters of entrepreneurial politics are anxious to get rid of parties today, their ancestors were no less keen that they should never be invented. For many, perhaps most, in the 17th and 18th centuries, or even today, party stood for selfish faction and petty manoeuvre. Caroline Robbins' (1958) article on the historical development of party makes the point that at each stage of the evolution, the balance of informed opinion was that this was a retrograde step. Thus in the same era that Burke made his famous definition of party, the philosopher David Hume denounced parties as subversive of government and begetting "the fiercest animosities" among fellow citizens (Namier 1965, 20). While Alexander Hamilton was busily lobbying the Congress for key elements of his federalist program, his chief, George Washington, in his farewell address lamented "the baneful effect of the Spirit of Party, generally" (Burns 1982, 134). As late as 1841 Sir Robert Peel denied the influence of party and said that he owed his premiership solely to the Crown as "a personal obligation" rather than one owed "to any man or to any body of men." To which Disraeli retorted, "It is utterly impossible to carry on your Parliamentary Constitution except by political parties. I say there must be distinct principles as lines of conduct adopted by public men" (Namier 1965, 18).

Despite the disclaimers by British public men about the ill effects of party, British practice offered a more powerful example to the fledgling American and Canadian party systems. Since factions inevitably spring up behind leaders contending for place, power or principle, the origins of the British party system exactly track the development of representative institutions. During the Long Parliament's battle with Charles I, John Pym and John Hampden discussed strategy in a house in Westminster and rode up and down the country during elections to solicit support for their associates. In the 1670s and 1680s, the names Whig and Tory first appeared to describe the respective supporters of the exclusion or the retention of James II.[10] The Whig ascendancy was skilfully maintained by Sir Robert Walpole, the first "Prime Minister" who held a parliamentary coalition together from 1721 to 1742. The original Whig and Tory division over religion and the Stuarts continued to be important until 1745, when the failure of Charles Edward Stuart, "Bonnie Prince Charlie," ended any hope of a Stuart restoration. Although virtually every important figure in British politics considered himself or herself a Whig until George Canning professed to be a Tory in the 1820s, Edmund Burke and Charles James Fox developed the concept of "His Majesty's loyal opposition" in the 1770s (the exact term was not coined until 1826 by John Hobhouse, later Lord Brougham). Fox and Burke condemned George III for appointing personal favourites as ministers, rather than parliamentary leaders who could command support in the House of Commons and stood for a program. Fox's notion of ministries dependent on the House, rather than on royal favour, later became a powerful cry from Canadian reformers like Bédard, Papineau, Mackenzie and Baldwin.

These English precedents, especially the example of the Glorious Revolution of 1688 and the Whig theology of liberty, Parliament and a balanced constitution, strongly influenced the development of representative institutions and political philosophy in the colonies of North America. But political culture there was equally shaped by indigenous elements, such as the bitter battles of the colonists against the prerogatives of the royal governors. The influence of the classless frontier also played its part. At the time of the Revolution 6 percent of American citizens were entitled to vote (already three times the size of the electorate in Great Britain), and by 1824 only Virginia and Rhode Island continued to qualify voters by property tests. In 1824, 350 000 Americans voted, and by 1828 over a million Americans cast a ballot as the United States became the first country to organize mass elections.

In 1789 the new constitution of the United States provided for election of the president by electors nominated by the state legislatures; senators were also elected by the legislatures, and voters who qualified through the property test could vote directly for the members of the House of Representatives. In theory the electoral college was established to choose the best candidate for the presidency, and in February 1789, 69 electors duly chose George Washington. But almost immediately the "baleful" influence of faction began to be felt within Washington's administration. Alexander Hamilton, the Secretary of the Treasury, and Thomas Jefferson, the Secretary of State, had very different ideas about the role of government and the value of democracy. A Federalist faction began to form around Hamilton and a Republican faction around Jefferson. In May 1791, under the guise of a botany trip, Jefferson and Madison went on an extended tour of the northern states, building up Republican contacts and supporters. Federalists in New York worried aloud about the Virginia tourists. In 1796 Jefferson organized the Republican members of Congress in a caucus to nominate candidates for the presidency and vice-presidency. Only eight years after the founding of the Republic, the spirit of faction was controlling the nomination process rather than the impartial, disinterested electoral college hoped for by the Founding Fathers.

The election of 1800 was the first organized around parties in North America. The Republican caucus in Congress nominated Jefferson to contest the election against President John Adams. Jefferson realized that the key to winning the electoral college was to return Republican majorities to the state legislatures, which in turn would pick electors pledged to him. This first contested election also saw the first "negative" advertising campaign. Pamphlets and handbills were nailed to gateposts, doors and farmhouses. Republican handbills pilloried Adams as a monarchist. The Federalist press described Jefferson as an atheist and freethinker. Those who worry about recent political advertising as more negative than that of the past should review 18th- and 19th-century handbills: they routinely accused opponents of murder!

Jefferson was a man of ideals. He was also an experienced politician who had been Governor of Virginia, Secretary of State, and Vice-president before his successful campaign of 1800. He knew power and how to use it. Newspapers in the 18th century, for example, were official gazettes dependent on government advertising and assistance. Jefferson knew the power of the press. Aware that his opponent Hamilton controlled the Philadelphia *Gazette of the United States*, Jefferson set up a rival *National Gazette*, and for good measure offered the editor a clerkship, official advertising from the State Department and inside leaks. Hamilton was soon complaining to Washington about Jefferson's abuse of patronage!

Through Jefferson's and Madison's leadership, the Republican members of Congress had banded together to organize the legislature, nominate leaders, and articulate a distinct philosophy. The election of 1800 also saw them fulfil a fourth role of structuring the vote according to party. Sizing up the political terrain, in 1800 Jefferson wrote to Madison, "If the city election of New York is in favor of the Republican ticket, the issue will be Republican" (Burns 1963, 33). Forming an alliance with Aaron Burr of New York, the Republicans made plans for what turned into a three-month model campaign. Burr enlisted in his cause the members of the Tammany Society, then a struggling fraternal group, debated with Hamilton, put together a Republican ticket of eminent local citizens, organized his lieutenants on a ward basis, card-indexed the voters, canvassed for funds door-to-door, and pressed prominent Republicans for bigger donations. The result was a sweep of the entire Republican ticket for the assembly of New York by an average of 500 votes. The Republicans' hard work paid off, for they needed New York. Jefferson won the vote in the electoral college by the narrow margin of 73 votes to Adams' 65.

Among the colonies that later came together to form Canada, Nova Scotia has pride of place in the development of representative institutions. In 1758, after several years of agitation, the merchants of Halifax succeeded in persuading the authorities in London to create a Legislative Assembly of 20 members. In 1784 a new colony of New Brunswick was formed in response to the thousands of Loyalist refugees who had fled the United States, and in 1785 the first election of New Brunswick's Assembly was held. In 1791 the ministry of William Pitt the Younger continued to work on the reorganization of British North America after the loss of the Thirteen Colonies, by creating the entities of Lower and Upper Canada. These were also granted the traditional British colonial structure of a governor and an executive council, and a bicameral appointed legislative council with an elected Assembly. For French Canadians this meant the first exercise of a democratic franchise since the founding of New France in 1608.

In the ferment following the defeat of Britain in the American Revolution, the French Canadian middle class and the English-speaking merchants of Quebec joined together in demanding a new constitution with representative institutions. In 1783 a petition signed by 2 300 individuals was sent to London. Loyalists settling in the virgin territory west of Montreal also demanded the representative institutions they had enjoyed in the Thirteen Colonies. In 1791 a government composed of 16 members, which was to sit for four years, came into being in Upper Canada and with it a seven-member legislative council appointed for life. The governor could also create an executive council to administer the province, a council responsible to him and not the legislature. The 1791 Act also granted the King the power to issue hereditary titles of honour to those summoned to the legislative council, though in the British debate on the Act, Charles James Fox had poured scorn upon this idea of creating a hereditary aristocracy in North America. In fact, the power was never used.

In Lower Canada, the governor's first appointed executive council had nine members, four of them French Canadian, and the legislative council had 16 members, of whom seven were French Canadians. The election of 1792 brought 51 representatives to the Lower Canada Assembly. Heavily composed of seigneurs (50 percent) and merchants in the fur trade, the criteria for admission to the assembly were far more liberal than the qualifications for the English House of Commons. In Britain, members had to have property ranging from £300 to £600, but in Canada a member of the Assembly had only to be over 21 and not a member of the clergy.

By applying to the new colonies the English system of property restrictions for voters, Lower and Upper Canada came into existence with a democratic franchise as liberal as that of the United States. In the rural districts, the right to vote was granted to owners of land and buildings returning an annual income of £2. In Britain this was sufficiently onerous to limit the vote to 2 percent of the population. But in Canada in 1791 farms were so large and land was so easy to acquire that almost all rural heads of families were enfranchised. In the urban areas of Lower Canada, tenants had to pay an annual rent of £10 and owners had to possess land returning £5, but this still meant that the military, civil servants, merchants, professionals and even skilled tradesmen could qualify. In the Lower Town of Quebec, for example, in 1832, 51 percent of the vote was cast by skilled tradesmen.[11] Accordingly, Canadian politicians had to cope right from the start with a much more numerous electorate than their British counterparts. The result was a quickened pace of party development.

In Lower Canada the division of the Assembly into a merchants' party, largely though not exclusively English, and a party of the petits bourgeois and professionals, largely, though not exclusively French, began to be evident after 1800. Prior to the election of 1810, which saw a clear manifestation of French-Canadian nationalism, the merchants' party had 22 members in the Assembly, of whom nine were French Canadians. The Parti Canadien had 28 members (one English). The leader of the Parti Canadien and French Canada's first professional politician was Pierre Bédard, a lawyer from Charlesbourg. Elected in 1796 and re-elected repeatedly until his imprisonment in 1810, Bédard was well versed in constitutional theory. He combined advanced liberal thinking with a sense of grievance about the distribution of patronage and power in the colony. As early as 1807 in the pages of *Le Canadien,* a reform paper he helped to found, he began to apply the constitutional theories of Fox and the radical Whigs to the situation in Lower Canada. Bédard wanted the executive council to be responsible to the Legislative Assembly, not to the governor. This was good theory, but it also had the advantage of ensuring that the French Canadian majority in the Assembly, not the English minority, would control the executive. In 1810 the Parti Canadien increased its strength to 34 members and the merchants' party fell to 16 members. English Liberals like John Nielson, and Andrew and James Stuart joined the Bédard faction.[12] So did Louis-Joseph Papineau, elected in a rural riding in 1809 and Speaker of the House in 1815. Governor Craig, an authoritarian disciplinarian, identified the agitations of the Parti Canadien faction with the aspirations of Napoleon and the French Revolution. Disappointed by the success of Bédard and his followers in the election of 1810, Craig seized the press of *Le Canadien* and jailed its editors, including Bédard. He wrote Lord Liverpool after the crisis: "Indeed it seems to be a favourite object with them to be considered as a separate nation: La Nation Canadienne is their constant expression" (Ouellet 1980, 52). It was not to be the last time La Nation Canadienne made its presence felt.

The Growth of Party: 1828–1867

Democratic leaders like Jefferson in the United States and Bédard and Papineau in Canada had by the first two decades of the 19th century established legislative caucuses that recruited leaders, organized the government, articulated a platform and structured the vote. Public opinion, which was not really a factor in Britain until the 1841 election of Robert Peel,[13] was already a potent force in congressional and assembly elections in North America a little after the turn of the century. In the ensuing era parties began to develop beyond their legislative base. The Democratic Party of the United States initiated the procedure of regular party conventions, which gave a new role to nonelected party members. Parties evolved into organizations. In Canada, the Lafontaine–Baldwin alliance of 1841, and Sir John A. Macdonald's success in forming an enduring conservative coalition in 1854, revealed the potential of parties to aggregate interests. If a modern party militant could be transported back to the 18th-century world of Fox, Burke and Washington, he or she would recognize only the faintest glimmer of the concept of party. By 1840 the transplanted militant would feel right at home.

Jacksonian democracy was as important to the development of party as the Jeffersonian variety had been a generation before. By 1828 the electors to the presidential electoral college were determined by citizens voting for a slate pledged to a particular candidate. Image advertising began in earnest when supporters of Andrew Jackson, "Old Hickory," used hickory poles in their campaign parades and commissioned the first campaign biography of their hero. To elect slates of committed Jackson delegates in every state it was necessary to create a nationwide network of committees and local action groups. Martin Van Buren, a key Jackson supporter from New York, organized a convention in 1832 of Democratic legislators and party activists to renominate Jackson for the presidency and displace John Calhoun with himself as a vice-presidential nominee. The "King Caucus" of Congress that Jefferson had created to nominate candidates was now displaced by a much larger assembly of party notables, legislators, and organizers from across the country. In short order the institution of the convention caught on, in 1840 the Democratic convention issued the first platform, in 1844 the first "dark horse" candidate – James Polk – not favoured by the party establishment took the Democratic nomination and in 1848 the Democrats established a continuing committee to serve party needs between conventions.

Most 19th-century election campaigns were noisy, raucous, and sometimes violent affairs. Voting was open, and the parties printed their own ballots to hand to supporters. As voters from the various camps went to the polls they were greeted by cheers or shouts of derision from large throngs. Elections were also staggered. In the United States until 1845, when a uniform day – the first Tuesday in November – was chosen for presidential elections, organizers schemed to choose dates in the various states most advantageous to the parties. In Canada, too, parties could fix different election dates for each constituency. Lower and Upper Canada also allowed 48-hour voting contests: if you were behind after the first day, efforts were redoubled on the second. Only in 1874 did the Liberal government of Alexander Mackenzie introduce the reforms of secret ballot and simultaneous voting across Canada on the same day.

Campaign passions ran high in the 19th century, and blows were often exchanged between rival gangs, trying to intimidate citizens who had to declare their choice publicly. One of the most famous Canadian incidents of this kind occurred in 1841, when Lord Sydenham, the Governor General of Canada, sent 200 bullies to the riding of Terrebonne to prevent the supporters of Louis Lafontaine, the leader of the French Canadian reformers, from voting. To prevent a riot Lafontaine did not try to force the issue and lost Terrebonne, which he had held since 1830. Rhetoric was also bitter and passionate. In 1828, for example, handbills from the John Quincy Adams camp charged Jackson with ordering executions, massacring Indians and stabbing one Samuel Jackson in the back (Jamieson 1984, 7). Newspapers were crucial as the central means of campaign communication. As early as the 1790s Jefferson had seen the advantage of having newspapers dependent on the Republican patronage, and the "party press" dominated North American media well into the 20th century. There were 1 200 newspapers in the United States by 1830, and nearly 400 in Canada by the mid-1860s. National media began to develop: in 1844 the invention of the telegraph could transmit news instantaneously, and in 1848 the Associated Press (AP) was formed. (In Canada the Canadian Press (CP) did not emerge until the early 20th century.)

The most famous American campaign in this era was in 1840. Presidential candidates, still respecting the convention that the electoral college picked the "best" candidate after sober thought, stood above the din. Presidential candidates neither spoke nor campaigned for themselves until 1896, when William Jennings Bryan began to tour. But if in 1840 the candidate was missing, the Whig campaign had every other modern trapping: campaign buttons, slogans like "Harrison, two bucks a day, and roast beef," pseudo-events such as the aristocratic Senator Daniel Webster camping with the Green Mountain Boys, and "creative" advertising. The Whig candidate was William Henry Garrison, a wealthy son of a former governor. In 1840 he was transformed into a farmer and backwoodsman. Harrison's "log cabin" was a 2 000-acre estate, but the symbols of "hard cider" and "log cabin" identified the candidate with the West and Democracy. Image advertising in politics came of age with "Tippecanoe and Tyler too."

The pre-Confederation political system is as important in the history of Canadian parties as Jacksonian democracy is to the United States. Sir John A. Macdonald, the pre-eminent Father of Confederation, the man who dominated Canadian politics until 1891, was born in 1815 in Glasgow, and his family emigrated to Canada in 1820. First elected in 1844, Macdonald had spent nearly a quarter-century in the United

Canada Assembly before he became Prime Minister of Canada. His formative period was shaped by the politics of the 1840s, whose generation had been seared by the great Reform versus Family Compact battles of the 1820s and 1830s. The lesson that Robert Baldwin and Louis Lafontaine learned from the failures of William Lyon Mackenzie and Louis-Joseph Papineau was that only through the combined strength of French and English reformers could responsible government come to pass. And the lesson that Macdonald took from Baldwin and Lafontaine was that it was necessary to moderate Tory prejudices in order to build an enduring French–English alliance. The 1854 coalition of Macdonald and Cartier contained English-speaking Quebec merchants, French-speaking followers of Lafontaine, old Upper Canada Tories and moderate reform supporters of Baldwin. It made the Conservative party. And Laurier, in turn, learned from Macdonald.

The Golden Age of Parties: 1867–1920

From the 1860s to the 1920s, parties in North America not only fulfilled the six roles outlined in the beginning of this section, but they added one as well: dispenser of jobs and social welfare. Prior to the welfare state, the great party organizations of the urban machines in the United States delivered welfare baskets to the poor and jobs to the "deserving." Immigrants who arrived in New York were as likely to be met by a party organizer as a relative. The poll captain and ward officer of the machines were responsible for knowing about the intentions of each of the families on their books. They kept in touch, enrolled voters on the polls, did favours and in return solicited votes. Officially these party workers held patronage jobs in municipal or state organizations, but their real task was to maintain the party's apparatus. Observers like Moisai Ostrogorski in the United States and André Siegfried in Canada described competing parties as foot-soldiers on the march – regiments of party workers engaging in a street-by-street, house-by-house, struggle to maximize electoral support. Ostrogorski, for example, estimated that as many as two to five million individuals were employed in full-time political work in the 1880s.[14] In a somewhat devious way these workers represented an indirect "public subsidy" of election expenses.

Canadian parties have learned many things from American example, but patronage has not been one of them. In Britain, democracy came after a strong state had already been established. In the United States democracy preceded the foundation of the state. Americans began with a predilection for a weak government, a logical response to the results of the American Revolution. In Canada the parties had little quarrel with the British model of strong executive government; they simply wanted the executive to depend on them, not the Governor General. Bédard and Papineau's battle with the Château clique was firmly seated in principle, but it was also about the more prosaic issue of the control of government jobs. To Macdonald and – later – Laurier, patronage was the glue that held the Canadian political system together. As Macdonald forthrightly told the House of Commons, "In the distribution of government patronage we carry out the true constitutional principle that whenever an office is vacant it belongs to the party supplying the government" (Stewart 1986, 67). Macdonald later exclaimed that his proudest achievement was passing the *1885 Franchise Act*, which gave the government the power to appoint election returning officers!

Macdonald's long term as Conservative leader, from 1854 to 1891, stretched Canadian politics both backward toward Pitt and Fox and forward toward the modern age. As has been shown, Macdonald came to maturity in the pre-Victorian era and his ready references to William Pitt reveal that much of his philosophy was rooted in 18th-century sources. But his career also forecast future trends. In 1860 he undertook "something which was new in both his career and Canadian politics generally – a speaking tour" (Creighton 1955, 305). He initiated the political picnic in 1876. In 1891 the Conservatives ran on the appeal of Macdonald in "the Old man, the Old policy and the Old flag" campaign. Macdonald was "the pilot that weathered the storm," as the Conservative posters proclaimed.[15] The campaign emphasis on Macdonald as leader would later be a pattern repeated by Laurier, St. Laurent, Diefenbaker and Trudeau.

The Radio Age: 1920–1952

Politicians go where the voters are. In 1800 Jefferson's Republicans provided much merriment by talking to voters even "at a horse race, a cock fight, or a Methodist quarterly meeting" (Burns 1963, 34). In the latter part of the 19th century a premium was placed on orators like Lincoln, Macdonald or Laurier who could address the large crowds that gathered to hear them at summer picnics, campaign rallies and state fairs. In 1920 a new venue for political communication became possible – the living room.

Radio began on both sides of the border in the same year – 1920. Guglielmo Marconi, the inventor of radio, did some of his research in Canada after 1901, assisted by a grant from the Canadian government. In 1919 Canadian Marconi Ltd. received a licence to broadcast and Montreal station XWA (later CFCF) began regular broadcasts in 1920. In May 1920 the Royal Society of Canada arranged a special broadcast from XWA to be beamed to Ottawa, where Sir Robert Borden, Mackenzie King and the Governor General, the Duke of Devonshire, listened to the new discovery. In the United States, Westinghouse station KDKA in Pittsburgh inaugurated its service in November 1920 by broadcasting the results of the Harding-Cox presidential election. The new service spread quickly: by 1923, 62 private licences had been granted in Canada by the Ministry of Marine and Fisheries, although only 34 stations were operating, and in that same year the United States had 556 stations.

Politicians were not slow to discover the potential of this new communications medium. In 1919 Woodrow Wilson gave the first broadcast speech to a handful of radio listeners, but by 1923 Calvin Coolidge was delivering the State of the Union address over radio, and in October 1924 listeners on the West Coast were, for the first time, linked to the East in a 20-station hookup to hear an address by Coolidge. In 1924 U.S. political conventions were being broadcast, and in that year's election Republicans and Democrats began to buy broadcast time. As early as 1928 the Republicans were spending more money on radio advertising than on print. The electronic age of campaigning had begun.

Canadian politicians were not far behind the Americans in using the new medium. In the 1930 election campaign both the Conservatives and Liberals paid for the political broadcasts by the leaders – R.B. Bennett, in fact, opened his election campaign in Winnipeg with a special radio broadcast. In 1932 the Bennett government created the Canadian Radio Broadcasting Commission, which became North America's only publicly owned radio network. In 1936 the King government changed the name to the Canadian Broadcasting Corporation (CBC). In 1935, following the success of Franklin Roosevelt's "fireside chats," R.B. Bennett attempted to use radio to save his dying government. The Conservative party purchased time for five 30-minute radio broadcasts to announce his Canadian "New Deal." In the campaign of that year, the Conservatives innovated political broadcasts by purchasing several 10-minute programs featuring the dramatization of a cracker-barrel philosopher called "Mr. Sage," who had several unkind things to say about Mackenzie King.[16] King was so outraged by the use of drama, and the fact that the Conservative party refused to identify itself as the sponsor of the broadcasts, that upon forming a government, his 1936 Act on broadcasting forbade the use of drama or other creative devices in political broadcasts. The ban against dramatization or creative licence lasted until 1968: until that year regulations prohibited drama on radio and the use of cartoons, role-playing or film footage of political opponents on television. In 1940 the CBC began offering free time to the parties instead of commercial space.

Beyond the widespread use of radio, several other developments critical to modern political life came of age in the period 1920–50. Parties continued to be strong: although the creation of the welfare state ended the social assistance function of parties, party organizations continued to be the primary vehicles for structuring the vote and recruiting leaders. The total dominance of the "party press" was declining – by 1940 half the newspapers of the United States were calling themselves independent – but there were still close associations between key papers and journalists and the respective parties (the *Winnipeg Free Press*, for example, was decidedly Liberal and the Montreal *Gazette* clearly Conservative). The party role in Canada was enhanced, in fact, by the adoption by the Liberal party of an American invention – the national convention. In 1859, nearly 600 delegates attended the Clear Grit Reform Convention in Upper Canada. In 1893 the National Liberal Convention passed a party platform that became the basis of the party's program in 1896. The extraparliamentary party was slowly building influence. In 1919 this trend took a quantum leap when Mackenzie King became the first Canadian leader elected by delegates from across the country in a national convention, rather than by the parliamentary caucus. In 1927 the Conservatives followed suit when R.B. Bennett was chosen in a convention. The nonparliamentary party organization also began to take some structural form with the opening of the National Liberal Federation office in 1933. The other parties followed suit, with David Lewis becoming the first national secretary of the Co-operative Commonwealth Federation (CCF).

Party structures were paramount in the 1920–40 era of "machine" new deal politics and strong organizations like Jimmy Gardiner's Liberal Party of Saskatchewan. But developments were emerging which would eventually weaken, if not destroy, the strong parties that had dominated North American politics since the 1840s. In 1934 Chem Whitaker and his wife Leone Baxter formed the first political consulting company and helped the Republicans defeat the Democrat Upton Sinclair, partly by using the film expertise and financial resources of Louis B. Mayer of MGM, who was terrified of Sinclair's radicalism. California became the incubator of American politics: new techniques of mass communication were pioneered to establish a direct relationship between the candidate and voter. In time, political consulting and media expertise would transform the very nature of American parties. In 1935, George Gallup initiated scientific polling with the Gallup poll, published by sponsoring newspapers. The Gallup poll came to Canada in 1943.

Advertising agencies form the third element of the modern political trinity of consultant, pollster and media adviser. In the 1940s the

Liberal party again led the way in Canada by forming a mutually profitable partnership with the agency Cockfield Brown and Co. of Montreal. If national communication in the form of radio broadcasts was now the order of the day, rather than the old localized campaign technique of whistle-stopping, then it made sense to apply expertise at the point of production. One well-produced ad could reach more homes than a thousand politicians on the stump. The Conservatives, in their production of the 1935 "Mr. Sage" commercials, used an ad agency's services, and by the late 1940s the McKim Agency was a well-known Conservative supporter. Allister Grosart and Dalton Camp from the Conservatives and Keith Davey from the Liberals all came to their political prominence via the profession of advertising. But it was the Cockfield Brown Liberal connection that set the pattern.

Through Brooke Claxton, a powerful Montreal Liberal, Cockfield Brown was introduced to the Liberal high command. In 1944 Cockfield Brown conducted a survey in the St. Lawrence–St. George riding in Toronto for Claxton as part of a 40-riding survey project to test slogans and campaign themes for the upcoming 1945 election. (As early as 1914 breweries had begun to use marketing research to assess consumer preference, and advertising agencies logically began to apply this private-sector expertise to the world of politics.) Cockfield Brown also prepared a comprehensive advertising program for the 1945 election (Whittaker 1977, 216–69).

Cockfield Brown created their political advertising masterpiece in 1949 with the "Uncle Louis" campaign of Louis St. Laurent. Through the art of public relations and image re-creation, an austere, dignified corporate lawyer was transformed into everyone's friendly, favourite uncle (Camp 1970, 132–38). The 1949 campaign was accordingly the first Canadian election dominated by a consciously manipulated media image of a party leader. The relationship of Cockfield Brown and the Liberal party was, in fact, so close that a vice-president of the agency, H.E. Kidd, became national secretary of the party in the year of the "Uncle Louis" success. Image manipulation had always been part of politics, and the new instantaneous electric media only extended its scope. And soon a powerful new tool was to push back the frontiers even farther – television was about to burst upon the scene.

The Age of Television: 1952–80

At the World's Fair of 1939, Franklin Roosevelt delivered the first address to a television audience, but it was not until 1952 that television had penetrated enough American homes (7 000 homes had television in 1946, 19 million by 1952 and 45 million by 1960) to make it a major factor in political life. In 1952 the Republican party showed the potential of the new medium when Rosser Reeves, of the Ted Bates Agency, produced the first television commercials, "Eisenhower Answers America." The Eisenhower campaign also had 60-second spots attacking the Truman record in Korea. The first use of television commercials thus included "negative" advertising, just as the first political pamphlets in the first real election campaign in 1800 had also contained attacks on opponents. Richard Nixon's career, however, demonstrates most dramatically the impact of television. In 1952 he saved his vice-presidential spot on the Eisenhower ticket by his nationally televised "Checkers" speech, refuting allegations that he had misused a secret campaign fund (to be sure, this would not be the last secret campaign fund in his life). In 1960 he lost the presidency when, ill and sweating profusely, he wilted before the cool professionalism of John F. Kennedy in the first televised debate. (Interestingly enough, radio listeners thought Nixon had "won" the debate. Television viewers thought the opposite.) Visuals had become the essence of political campaigning.

The iron triangle of strategist, pollster and Madison Avenue soon dominated American politics. Party organizations did not, of course, collapse: in 1968 Hubert Humphrey could win the Democratic nomination without campaigning in a single primary, and Robert Kennedy could still muse that the support of party boss Richard Daley "was the ball game." But the era of the party bosses was nearly over – that of the campaign professionals had begun.

Pollsters leaped into prominence. In 1959 Louis Harris became a key member of the Kennedy team, as did Claude Robinson of Opinion Research Corporation for Richard Nixon. Polling, initially a service provided to newspapers, became one provided to politicians. By the mid-1970s pollsters, like Patrick Caddell for Jimmy Carter, Robert Teeter for Gerald Ford (and later George Bush) and Richard Wirthlin for Ronald Reagan, would exert influence, not only on political campaigns, but also on government policy, as they explored the range of public acceptance of government programs. Polling could now supply what the mass volunteer organizations used to deliver – information about public attitudes.

Once the pollsters could tell a client what the public thought about a given subject, the political marketer took over. In 1964 the Johnson campaign produced one of the most infamous ads in political advertising history: the "Daisy" commercial of a little girl being destroyed by a nuclear explosion. This ad played on fears that Barry Goldwater would be trigger-happy with nuclear weapons. The Goldwater campaign, the victim of one vicious form of political communication, also introduced another new weapon in the political wars – direct mail. The Eisenhower campaign of 1952 had used direct mail in a limited way, but in 1964 the Goldwater forces used it as an important new fund-raising method. In that year the Republican party sent out 12 million letters, raised nearly $5 million and created a house list of over 200 000 names of regular givers, a list which has formed the core of Republican prosperity ever since. By the mid-1960s, therefore, television commercials and direct mail could now supply what the mass volunteer party had formerly delivered by knocking on millions of doors – the ability to communicate a message.

The twin skills of polling and political marketing were moulded by the growing army of campaign consultants. In 1968 the Humphrey campaign turned over advertising decisions to consultant Joe Napolitan. In 1976 the Ford campaign followed the same practice with consultants Doug Bailey and John Deardourff. Stuart Spencer provided a similar service in the California campaigns of Ronald Reagan. Party organizers like James Farley, John Bailey, Larry O'Brien and Ray Bliss, who had worked their way up to the top of their respective parties by licking stamps and delivering flyers in local wards, were now relics of the past. Expertise was now available to the highest bidder.

In Canada, the television age produced the same trends as in the United States, but in more muted tones. CBC television began transmitting in 1952, but in the following year's campaign the parties refused the offer of free time. The first televised election was in 1957, when John Diefenbaker proved adept at the new medium and Louis St. Laurent did not. Although Cockfield Brown had set up a television studio to train Liberals in the medium and to produce filmed spots, St. Laurent read his speeches on television as if he were still on radio. The results were so disastrous that the party cancelled its TV program in midcampaign. In 1958 Réal Caouette gave a vivid demonstration of the power of the new medium, however, by borrowing money from the local credit union to buy time on television in Rouyn–Noranda to promote the gospel of Social Credit. By 1962 Caouette was seen regularly on five stations, and in that year Le Ralliement des Créditistes shocked the old-line parties by winning 26 percent of the vote in Quebec. In 1961 the Canadian Television Network (CTV) was founded, and unlike the CBC, the new network would accept political advertising. By 1965, for the first time in Canadian history, the parties spent more on advertising in the electronic media than in print, and in the 1972 election the parties had purchased nearly 16 000 spots. Negative spots became prominent in that year, when the Conservatives attacked the Trudeau record, and in 1979–80, the attacks on Pierre Trudeau and Joe Clark in such spots showed that Canadian parties could be every bit as nasty as their American counterparts.

The Permanent Campaign: 1980 to the Present

The permanent campaign phase of North American political life not only includes growing technological sophistication in the campaign arts of polling and persuasion, but the extension of those arts to government itself. Where there was formerly a distinction between campaigning and governing, between serving the party and the public, in our era the lines have become blurred. The Reagan presidency was conducted on a day-to-day basis just like a campaign: Deputy Chief of Staff Michael Deaver defined the principles as: "No access. Daily visuals. Simple message" (Taras 1990, 125). Election campaigns themselves became increasingly surrealistic. In 1988 the main issue of the presidential election, for example, was not a problem or a crisis but an ad – the "Willie Horton" ad produced by an independent conservative group to show that Michael Dukakis was weak on crime. Rather than using advertising to illuminate campaigns, campaigns were now illuminating advertising.

In Canada, the 1974 election expenses reforms limited the amounts that parties could spend, so we were spared the worst excesses of the American experience, though each of the major parties was responsible for importing American campaign innovations. In 1962 Keith Davey had invited Louis Harris to become the pollster of the Liberal party, and polling had quickly become an indispensable resource for all Canadian parties. And for governments. Like their counterparts in the United States, Martin Goldfarb, in the Liberal governments of 1974–84, and Allan Gregg, in the Conservative governments of 1979–80 and 1984–88, became important actors in the strategic direction of government policy. Politicians seek information on public opinion like an addict seeks a fix. The Canadian Press reported in 1987 that the Mulroney government had commissioned nearly 800 polls at public expense.[17] The actual cost of government-commissioned polling is hidden in the estimates, but with the average cost of a national survey in Canada ranging between $80 000 and $100 000, it is a fair estimate that in a four-year period the Tories spent at least $40–50 million. Advertising is another area of vast government spending. The main estimates for 1991–92 list $3 billion for the contractual services of advertising, public relations and consultants. The permanent campaign is firmly embedded in Canada's government apparatus.

If the Liberal party brought strategic polling to Canada, the Conservatives have similarly relied upon American experience in introducing direct mail. In 1975 the Conservative party took advantage of the incentives for individual contributions offered by the election expense reforms to employ the expertise of the Republican party's direct-mail experts. In 1977 the Conservatives had few more than 20 000 individual

Table 5.2
The diffusion of political innovation

		United States	Canada
1.	Widespread election franchise	1789	1791
2.	Development of party system	1820s	1820s
3.	Near-universal manhood suffrage	1832	1900
4.	National party leadership convention	1832	1919
5.	National party platform convention	1840	1859
6.	National leadership election tour	1896	1860
7.	Radio political broadcasts	1924	1930
8.	Dramatized radio ads	1944	1935
9.	Advertising agency influence	1952	1943
10.	Network television political broadcasts	1952	1957
11.	Network television spot advertising	1952	1962
12.	Strategic use of polling	1959	1962
13.	Televised leaders debates	1960	1968
14.	"Negative" 30- or 60-second advertising	1964	1972
15.	Direct-mail fund-raising	1964	1975
16.	Direct-mail vote targeting	1966	1984
17.	Advocacy group advertising impact	1980	1988
18.	Home video (VCR) campaigning	1980	—
19.	Cable political advertising	1982	—
20.	Satellite teleconferencing campaigning	1984	—
21.	Computer-assisted production of quick-response ads	1984	1988

contributors; by 1983, this number had been raised to nearly 100 000. In the 1984 campaign the party began to experiment with direct mail, not as a fund-raising device, but as a means of political communication. Employing the services of Mary Ellen Miller, a Republican direct-mail expert, they used the "geodemographic targeting" technique of locating voters in "swing" ridings, who then received letters and telephone solicitations. In the Target '88 campaign of 1988, 200 000 letters signed by Brian Mulroney were sent to target "markets" in 40 key ridings (Lee 1989, 259–64).

Canada has its own political culture. In the 19th century Canadian political leaders combined the British tradition of strong executive government with the American inclination for classless democracy. What resulted was something quite different from the practice either in the United States or Britain. In the 19th century, too, Canadian political leaders looked both to Britain and the United States for political ideas and philosophy: Macdonald and Laurier were deeply influenced by British conservative and liberal traditions, while William Lyon Mackenzie and Louis-Joseph Papineau were similarly intrigued by Jacksonian democracy. In the 20th century, British Fabian socialism has had as powerful an influence on Canadian socialism as British liberalism or conservatism on the old-line parties. But since the Second World War the American influence has been predominant. When Canadians have borrowed politically – whether it was Franklin D. Roosevelt's New Deal, John F. Kennedy's pollster or George Bush's direct-mail specialist – they have borrowed from our southern neighbour's bank of election tricks. Table 5.2 shows that, on average, a political innovation appearing in recent years in the United States will take approximately five years to find its way into Canada. Long before Canada and the United States had free trade in goods, we had free trade in political ideas and technology. But the trade has mostly been in one direction.

CAPITAL-INTENSIVE POLITICS

> Find 'em and vote 'em.
>
> (Abraham Lincoln)
>
> I would to God, thou and I knew where a commodity of good names could be bought.
>
> (Falstaff to Prince Hal)
>
> Direct mail is the water moccasin of politics: persuasion mail is silent, it is poisonous, and it has a forked tongue.
>
> (Roger Craver, direct-mail specialist)
>
> In California a political rally is two or three people gathering around a television set.
>
> (Campaign worker for U.S. Senator Alan Cranston)
>
> Politics has got so expensive that it takes a lot of money even to get beat.
>
> (Will Rogers)

Human nature never changes. The political consequences of mankind's personality that James Madison etched so brilliantly are as relevant today as they were in 1787: the human being is an amalgam of right and wrong, ego and selflessness, private concerns and the public good. As the previous section demonstrates, negative political advertising in North America goes back at least as far as 1800, campaign symbols to 1828, image manipulation to 1840. Compared to the past, however, the difference in the politics of our era of the permanent campaign, is not the behaviour of politicians, but rather the speed and reach of technology. Making commercials on videotape is quicker and cheaper than making them on film – commercials can now be cut in hours rather than days. Commercials can be produced in Toronto, beamed via satellite and shown in Vancouver, all within hours. Digitalized video effects use computers to break images into component slots and then rearrange the image. Video graphics take hours, not months. Computers can find phone numbers, place calls and respond to voters with a taped message from the candidate. Computers can find addresses, print letters and decide which letter is most likely to appeal to a voter depending on the block where the citizen lives. Pollsters can strike a random sample, devise a questionnaire, telephone the sample and analyse the results within 24 hours. Focus group experts can electronically test the reaction of voters to specific phrases or arguments. Satellite teleconferencing allows a candidate to answer questions or solicit funds from communities thousands of miles apart. Speed, reactivity and interactivity have all taken a quantum leap.

If all these technologies are combined, the impact can be profound. The following sequence, for example, while hypothetical, is entirely possible:

- Sensing he is in trouble with a week to go, Candidate A commissions a poll that confirms within 24 hours his intuition, but suggests that raising issue X could shift enough likely voters to make the contest close.
- A speech-writing team proposes a new draft of the stump speech based on the new data, and uses instantaneous pulse readings of focus groups to test the reaction to new punch-lines.
- Using the punch-lines that worked best in the focus groups, a production team shoots a new commercial, which is cut within 24 hours, using digital video effects.
- The new commercial is transmitted by satellite to key media markets.
- The candidate meanwhile uses the new stump speech in a satellite teleconference with key financial backers in several different communities, and with important editorial boards and local news media outlets. The goal is to get free mention on the evening news.

- Computers take the new speech themes, which have been broken down into a punchy letter, and send the new piece to targeted voters in "swing" areas.
- Computers also begin dialling the phone bank lists, both to remind voters to vote and to bring to their attention the new issue by means of a "tagged" message from the candidate.

This dream sequence could lead to victory – unless, of course, the opposition was as well financed: in this eventuality, Candidate B would also cut a new commercial to respond to Candidate A's message; Candidate B's computers would spin out a torrent of letters to negate Candidate A's mailing, and so on. Action-reaction. Machine versus machine. Fund-raiser piled upon fund-raiser. Welcome to the world of capital-intensive politics.

The Impact of Unlimited Spending

The first section of this study argues that equality is as vital to democratic theory as liberty, and that the application of this principle to campaign finance requires limitations on spending, public subsidy to parties to equalize opportunity and the regulation of interest groups' activity. The absolute liberty of some must be restricted to provide more liberty for all. The second section compares American and Canadian campaign practice, and it is evident that since the dawn of the radio age in the 1920s, innovations in American electoral technology have gradually made their way to Canada, usually after an interval of five to ten years. To be sure, this practice appears to have slowed noticeably since the mid-1970s, as American campaign consultants have introduced satellite teleconferencing campaigns, home video VCR campaigns, cable political advertising and computer-assisted telephone banks, none of which has become widespread in Canada. What has changed the usual pattern of campaign technology diffusion?

The answer lies in the very different paths that Canada and the United States have followed in the regulation of campaign finance. In 1974 Canada adopted a series of campaign reforms that created a system to tightly limit electoral spending, while allowing maximum freedom for campaign donations, as long as disclosure provisions were met. In the same year, following the Watergate scandal, the United States adopted a series of reforms that restricted who might contribute how much to the political process, but failed, due to later court interpretations, to alter the tradition of unlimited spending for election to Congress (the United States did impose limits on spending for the presidency). The pace of innovation in election technology is brisk in the United States, because candidates are tempted to spend more. The pace of election technology has slowed in Canada, because Canadian campaign managers face a number of difficult trade-offs: if they spend money on telephone banks, this reduces the amount they can spend on, say, radio advertising, since the total amount of campaign spending is limited by law.

This study argues that limiting Canadian campaign spending was an excellent innovation in 1974 and that this principle must be preserved. To make this agrument, the final section of the study will examine three implications of the unlimited spending system in the United States:

- the cost of campaigns;
- the impact on legislative behaviour;
- the shift in the societal balance of power.

Rising Costs

The history of attempts to reform the system of campaign financing in the United States is long and complex. Like Canada, there have been cycles of reform (1907, 1947, 1971–74), but campaign regulations have either been ineffective or negated by the courts. In 1974, for example, following the Watergate scandal, the Congress passed the *Federal Election Campaign Act* amendments that created the Federal Election Commission, established spending limits for candidates in the presidential primaries and general elections and in primary campaigns for the Congress, limited the size of individual donations and limited the amount that people or groups could spend independently of candidates' official campaigns to $1 000. Public financing of the presidential campaign and a matching grant system in the primaries were to be funded by the income tax checkoff, which allows Americans to contribute to a general campaign fund for eligible presidential candidates.[18] The attempt to limit spending, however, did not last long. In 1976 the Supreme Court, in the *Buckley v. Valeo* case, equated campaign spending with the right of freedom of expression. The court ruled that spending limits are unconstitutional for candidates who did not choose to accept public subsidy, and it further ruled that independent organizations were free to spend as much as they liked for or against federal candidates.

The result is that the United States has one of the most unregulated systems of campaign financing in the democratic world. Congressional candidates are free to spend whatever they like. So are independent groups outside the official campaign. Presidential candidates must accept limits, but loopholes abound in the realm of "soft" money donated to state parties, which are then free to contribute efforts on behalf of the national tickets. There are no provisions mandating "free time" in the media. The amount individuals contribute to candidates is limited, but spending is not. Political action committees (PACs) which combine individual contributions into an organized and strategic force have filled this vacuum, growing from a handful in the 1960s to 4 800 today (Magleby and Nelson 1990, 18).

Few would argue that the costs of U.S. election campaigns have risen exponentially. In the latest of his series on American campaign spending, Herbert Alexander provides documentation that political candidates and committees, organizations and individuals hoping to influence the electoral process spent $2.7 billion on political campaigns in the 1987–88 election cycle, an increase of 50 percent over the corresponding Citizens' Research Foundation estimate for the 1983–84 election cycle. This increase far exceeded the 13.5 percent rise in the consumer price index (CPI) from January 1984 to January 1988 (Alexander and Bauer 1991, 1).

A recent study for the Brookings Institution confirms the trends identified in Herbert Alexander's work. Between 1972 and 1988, total expenditures in general elections by candidates for House and Senate seats increased from $66 million to $407 million (Magleby and Nelson 1990, 28). Expenditures by Senate candidates increased during this period by more than 600 percent; those of candidates for the House, 456 percent. Part of the explanation for the increase is, of course, inflation, but even after allowing for general price increases, the expenses of candidates for House seats between 1972 and 1988 doubled, and those of Senate candidates increased by 148 percent (ibid., 30). In constant 1988 dollars, the average campaign expenditure of a candidate for a House seat increased from $128 000 in 1974 to $274 000 in 1988, winning candidates spending $388 000 on average. Candidates for the Senate spent $1 050 000 on average in 1974 and $2 802 000 in 1988, $3 745 000 on average for a winning Senate candidate (ibid., 36). These trends show no sign of abating: in the 1990 congressional elections, the average spent by a senator to win a campaign was over $4.5 million, meaning that he or she had to raise on average about $15 000 *per week* for each and every week of a six-year Senate election cycle (*Common Cause News* 1991).

Why has the average cost of U.S. elections risen so drastically, even allowing for inflation? Much of the increase is due to the high cost of modern election technology, especially television. Roger Craver, one of the best-known American consultants on direct mail, has said there is "a direct correlation between the rise of television costs and campaign spending" (Magleby and Nelson 1990, 27).

How much is enough? The new technology is very expensive, but in a system of unlimited spending there is never an adequate answer to the question. Curtis Gans, a seasoned observer of American politics, has confirmed Mr. Craver's insight in a paper delivered to a 1988 conference, sponsored by the Annenberg Foundation, on the topic of media technology and campaign financing. Gans reported that in the 1974 election cycle the cost per voter of campaign expenditure was U.S.$0.67. In 1984 it was U.S.$7.74. The average media cost in 1974 was 12 cents. In 1984 it was U.S.$3.54 (Gans 1988). Democracy in the United States is a growth business.

As Herbert Alexander argues, the seemingly colossal figure of $2.7 billion spent on U.S. elections has to be put into perspective: the same amount of money is spent on advertising by companies like Philip Morris, and Procter and Gamble (Alexander and Bauer 1991, 2). But the presidents of Procter and Gamble or Philip Morris do not personally have to raise the $2.7 billion, while individual candidates do! This means, as will be shown below, that American politicians spend an inordinate amount of time worrying about and raising money.

In comparing the unlimited spending system of the United States with the regulated system of Canada, table 5.3 demonstrates that regulation can work. Since 1974 the costs of Canadian campaigns have been controlled, those of American campaigns have not. Per capita, American election spending has exceeded the Canadian total in every election since 1974.

In defence policy there is no objective answer to the question of how much is enough. If you are in peril, you spend up to the level of your enemy or even beyond. Similarly in politics, with no limits on campaign spending, a candidate is driven by the actions or even the threat of action by his or her opponent. One spends what one can raise or borrow. Arms control limits the action-reaction cycle of military competition: campaign spending restrictions limit the corresponding cycle of competitive politics.

Table 5.3
Comparative election costs – Canada and the United States

Canada	Per capita	United States	Per capita
1979	1.96	1976	2.66
1980	1.81	1980	3.24
1984	2.09	1984	3.37
1988	2.25	1988	3.89

Note: Canadian figures derived from the reports of the Chief Electoral Officer 1979–88, with adjustments recommended by Professor William Stanbury; U.S. data provided by Professor Herbert Alexander, Citizens' Research Foundation.

The Money Chase

One of the great debates in American political science is whether the American party system is in decline. Paul S. Herrnson summarizes this debate succinctly and then concludes, "The parties' national, congressional, and senatorial campaign committees are now wealthier, more stable, better organized and better staffed than ever before" (1988, 121). Larry Sabato's opinion is similar. "The great irony of modern political parties is that as more and more commentators have bemoaned their decline, both party organizations have grown increasingly mightier" (1988b, 70).

To a Canadian observer *both* camps are right. American parties play a smaller role in recruiting candidates, encouraging partisan allegiance of the electorate or imposing party discipline in the legislature than their Canadian counterparts. Canadian parties are hardly behemoths when it comes to forming policy vis-à-vis the public service, or raising media interest vis-à-vis the public relations expertise of the interest groups, or in attracting volunteers vis-à-vis organizations like the Red Cross. Indeed the recommendations in the concluding section seek to strengthen Canadian parties, so they can compete with other interests and activities in our society.

Weak though Canadian parties are, they appear to be stronger than their American counterparts. In the competitive U.S. political world of PACs, independent committees, interest groups, the media and political consultants, the two U.S. parties not only compete against each other but also against all those other forces for their traditional "market share" of political power.

It is nonetheless a declining market share. Parties in the United States still structure the vote, but turnout has declined to 50 percent in presidential elections, 30 percent in off-year congressional elections, and under 20 percent in most party primaries. Party affiliation is still an important feature in the organizing of the Congress – the voting for Speaker, committee chairs and the like – but individual legislators have a lot of leeway to vote against the party leadership. There are few penalties that the party organization can exert, because members of Congress are independently financed by the PACs. Rather than parties recruiting leaders, leaders now recruit parties. Ambitious individuals with little or no background in the organizational structure of a party use both media and consultants to obtain nominations in the open primary system.

Yet, if American parties are losing their system-wide role of inspiring citizens to exercise their democratic franchise, or if the "spirit of party" is in decline vis-à-vis the "independent" voter, the organizational strengths of the U.S. parties are impressive. The two parties raise about as much money in the election cycle as the PACs: $320 million in 1985–86 raised by the parties, compared to $353 million by the PACs (Sabato 1988a, 24). In 1984, the Republican National Committee had 600 employees and the Democratic National Committee 130, and these large staffs provided polling, fund-raising, and marketing services for candidates (Herrnson 1988, 39). American parties are certainly in transition from the golden age of the New Deal, but the Republican party in particular has proved that it can more than hold its own with the PACs, interest groups and consultants.

But if the unlimited spending system of the United States has not led to a decline of party, it can be more forcefully argued that it has led to a decline of the legislator. In the words of David Magleby and Candice Nelson (1990), American politics are in a constant "money chase." To raise the large amounts necessary for American elections, the process of searching for money never ceases. As discussed above, to raise the amounts necessary to compete in a Senate race, a challenger or incumbent must raise $15 000 a week over a six-year cycle. This not only affects how they do their jobs as legislators or executives, it also leads to an over-reliance on monied interests. As Elizabeth Drew writes: "The obsession leads the candidates to solicit and accept money from those most able to provide it, and to adjust their behavior in office to the need for money – and the fear that a challenger might be able to obtain more" (1983, 1). Conservative or liberal, Republican or Democrat, virtually every politician in the Congress knows the system is out of kilter: too much time and too much effort go into fund-raising, too little into legislating or governing. But once on a treadmill moving at high speed, how do you get off without personal injury?

The Savings and Loan Keating Five scandal in the United States is one more illustration of the problems that arrive when politicians must be their own fund-raisers, and when the fund-raising clock never stops ticking. One of the greatest impacts of the capital-intensive system of unlimited spending is the influences it exerts on how politicians define their jobs as legislators and representatives. When a politician must spend time raising $15 000 a week, that is time spent away from serving constituents or making laws. We do not elect our politicians to be fund-raisers, but to survive in the capital-intensive world of modern technology, that is what they must become.

The Technological Imperative

If the money chase is one characteristic of the U.S. system of capital-intensive politics, technological innovation is another. Like capital investment in industry, that in campaign technology has led to vast increases in efficiency and productivity. Fewer people can do more tasks. Tasks get done more quickly. Machines replace labour. The "information" revolution is now a cliché in economic analysis, but it is still attracting much interest in political circles.[19] An especially thoughtful discussion of the characteristics of new election and media technology is contained in *The Electronic Commonwealth* by Jeffrey B. Abramson, F. Christopher Arterton and Gary R. Orren (1988) – appendices C and D of this study reproduce two tables from that work, which succinctly list new technological developments and describe their impact.

Three characteristics define the new election technology and distinguish it from the old: speed, reactivity and interactivity. The volume of information has increased, and the speed with which we can review and send messages has expanded just as dramatically. Cable television, for example, offers the potential of the "wired" city with 30 or more channels. Communication satellites expand both volume and speed. Signals are beamed from stations on the ground to satellites 22 000 miles above the earth, which then retransmit signals to earth stations equipped with radar devices. Video conferencing also increases the speed with which people are connected, as do powerful computers that can churn out thousands of letters in a day.

Reaction time has also been reduced dramatically. Election campaigns are now like boxing matches with punch and counterpunch. A negative commercial is produced, edited, sent and received within 48 hours, only to call forth a similar response. In 1988, for example, the Conservative party created a new flock of ads to attack the credibility of John Turner after Mr. Turner's success in the leaders debate. Polling was done, then ads were shot and put on the air within days to undermine Turner's temporary success. Even a few short years ago it would not have been possible to use film to reduce the turnaround time so much.

Interactivity is still more of a potential than a reality in election campaigning, but it may be the wave of the future. Radio call-in shows, of course, are an old means of interactivity, as are letters to the editor. The interactive videodisc and videotext publishing allow a subscriber to select what information he or she would like. Vidéotron in Montreal is experimenting with interactive cable services that enable the viewer to request particular camera angles or subject-matter. The Media Lab of the Massachusetts Institute of Technology has experimented with interactive news and dramas, allowing a viewer to choose the ending he or she wishes. The next phase of campaign innovation in the United States may well involve technological teledemocracy.

As discussed above, this new technology is expensive. Money, of course, has always been a critical political resource. Financial means are just one of the inequalities in a democracy, and the views and interests of the wealthy have always had an impact far out of proportion to their numbers. Modern capital-intensive politics would not be worthy of note, if they only made the point that Aristotle addressed 2 300 years ago about the political advantages of money. The key, as David Adamany and George Agree argue, is that "in politics, a long static pattern of organizations and institutions has been displaced by technology" (1975, 4). Those with money can now buy any of the resources that other citizens give voluntarily: the capabilities of the new technology displace in large degree the traditional resource of the poor that Aristotle identified 2 300 years ago – the power of numbers. Communication has replaced organization as the primary motor of politics. Information about public opinion and the ability to provide large numbers of voters was once the special preserve of organizations like unions, grassroots community groups or mass parties. Parties like the British or Canadian Conservatives were quick to adapt the organizational techniques of their Liberal or Radical opponents in order to stay competitive. Maurice Duverger, the French political scientist, termed the process "contagion from the left."

Today the old rules no longer apply. Polling provides information about the state of public opinion: direct mail or television commercials influence attitude as readily as door-to-door visits by volunteers. Capital can now purchase what only mass organization was once able to provide. Benjamin Ginsberg puts the point well: "The introduction of the new technology was to money what the invention of the internal combustion engine was to oil – a development that substantially increased the utility and importance of this resource by permitting a fuller introduction of its inherent potential" (1986, 179). Finally, the new technology focuses on individuals, something which leads in turn to greater fragmentation of the electorate and reduces the ability of parties to aggregate their interests. Television beams messages into the living room: direct mail addresses the particular fears and dreams of the individual: proliferating cable channels splinter the mass market: specialized publications cater to particular interests. Campaigns still take place publicly, but in the phrase of Richard Armstrong, "They no longer take place in public" (1988, 31). By allowing messages to be tailored to the individual, in the privacy of his or her home, new campaign technologies effectively remove the restraints of truth and moderation. Political direct mail is full of exaggeration and is often extreme. Since the pieces are private, not public, there is little possibility of alienating other potential groups of voters. Yet one of the strengths of democracy is that by learning about the positions of others, we can move toward a consensus as to what constitutes the common good. Direct mail, specialized cable services, and interactive television all work against this need for consensus. By appealing to our private fears – telling us, in effect, what we already believe – new technology insulates us from hearing the views of others. It prevents us from learning. And it works against the ability of parties to moderate extremists and find acceptable compromises. Modern societies are diverse, multifaceted entities. This is one of the great advantages of life. But amid this diversity there is also some requirement for unifying symbols and common values. Parties are well placed to provide this brokerage function: new campaign technologies, on the other hand, emphasize fragmentation, not commonality.

Unlimited spending combined with technological virtuosity has produced in the United States a system that increases the costs of elections more quickly than the cost of living, forces politicians to embark on a money chase and tilts the balance of societal power even more in favour of the affluent. This assessment is shared by many prominent American politicians. One of the most succinct summaries of the present-day American system is contained below:

> - Unlimited campaign spending eats at the heart of the democratic process.
> - It feeds the growth of special-interest groups created solely to channel money into political campaigns.
> - It creates the impression that every candidate is bought and owned by the biggest giver.
> - And it causes the elected officials to devote more time to raising money than to their public duties. (Stern 1988, 3)

The speaker is former Senator Barry Goldwater of Arizona, one-time presidential candidate and standard-bearer of conservative Republicans.

CONCLUSION

> Extend the sphere and you will take in a greater variety of parties and interests: you make it less probable that a majority of the whole will have a common motive to invade the rights of other citizens; or if such a common motive exists, it will be more difficult for all who feel it to discover their own strengths.
>
> (James Madison, 1787)

> When institutions are fair, the flourishing of democracy may be a reasonable hope.
>
> (Charles R. Beitz)

This study has made a theoretical argument for equality and a practical argument for party. Maintaining the 1974 *Election Expenses Act* regime, which limits spending and provides public subsidy, does both. In contrast, the deregulated, free market system of party finances in the United States both overspends and underachieves.

Campaign finance regimes must aim for equality of treatment, access and opportunity. What does this require of a Canadian electoral and campaign expense law in 1991? First, one of the greatest anomalies of the present system is that parties are disadvantaged vis-à-vis interest groups. We are not protecting equality of treatment when spending and media restrictions apply to political parties, but not to independent groups. Interest groups must also be brought within the framework of the law. To rebut the suggestion that this would reduce freedom of expression, the parliamentary television channel should be reserved during election periods for nonparty groups to debate issues. Private groups would thereby be receiving a public good – access to the airwaves. In exchange they should submit to the same rules that regulate parties. Opening up the parliamentary channel would also improve equality of access.

To maximize individual choice it is necessary to create a framework that permits the richest possible political debate. To achieve this aim we need to strengthen our parties so that they can compete on more equal footing with interest groups and the government. Canadian parties are stronger than their counterparts in the United States, but weak when compared to the resources of interest groups, public policy think-tanks or government departments. If the parties do not have resources to think about their concepts of a liberal, conservative or socialist society, who will do such thinking? To have a rich political debate we need intelligent party platforms. Public subsidy of party activity should therefore extend beyond the election period to include the regular activities of the parties. In particular the "thinking" or policy roles of parties should be emphasized, by ensuring that a large portion of the annual public subsidy is directed toward party foundations, whose main activity would be to think about policies, rather than organize ridings. The temptation to indulge overly in the mindless, 30-second negative commercials that blot our campaigns would be reduced by increasing the amount of free time available to the parties, and by requiring that such allocations of free time be in five- or ten-minute blocks, so that points of view have to be argued.

To increase equality of opportunity Canadians should move beyond the confines of the present election expenses regime. We have achieved a rough equality between the parties – that is one of the glories of the 1974 reforms. But we allow inequality within the parties to persist by not putting forward rules on leadership campaign spending or delegate packing. In exchange for an annual public subsidy, the parties should agree to a sensible limit on leadership campaign expenses and some minimum rules of fair play about riding membership, nomination contests and delegate selection. Parties are not private institutions once they accept a public good, which in fact they have already done by using the income tax credit to subsidize leadership campaign donations. Since they are no longer private, they must be accountable to the public.

Parties in power also retain at least two substantial advantages over the opposition that should be limited. Polling and advertising are two of the most critical resources in political life, but polling is not now part of the election expenses formula. It should be so considered, and the expense limit raised, if need be. To exclude polling, which is one of the most strategic activities of partisan politics, is to make a mockery of the whole system. Equally, governments derive undue advantage from their ability to use public funds for opinion research. Such research may be necessary in order to determine public policy: but if this is so, notice should be given of the intention to take surveys and the results should be published within three months. If such surveys are paid for by taxpayers these investigations, too, constitute a public good. Government advertising falls into the same category: the ability to spend millions on promoting government initiatives that have not yet been agreed to by Parliament should be banned. In the case of the normal announcement of programs, advertising intentions should be referred to an election enforcement commission to ensure that more extensive publicity than usual is not possible in an election year.

Fairness must be our goal. In 1974 Canada made significant strides toward that end through the reform of election financing. This advance – especially the limitations imposed on campaign spending – must be preserved and, if possible, expanded. The influence of capital-intensive politics must be reduced to a minimum. The strength of our democracy depends upon it.

SUMMARY OF RECOMMENDATIONS

Toward Fairness

Maintenance of Existing Election Expenses Regime

1. Existing exemptions to the definition of party election expenses, such as polling, should be eliminated, so that limits reflect the true costs of elections. If necessary, spending limits should be raised to accommodate this change.

2. Distinctions between "election expenses" and "campaign expenses" for local candidates should be eliminated so that, as in the case of party expenditure outlined above, the limits for local campaigns reflect the true costs of the campaign. If necessary, spending limits for individual ridings should be raised to accommodate this change.
3. The useful provisions of Bill C-79, such as the concept of an election enforcement commission, should be enacted, and provisions for Canadians voting abroad, improvements in access for disabled voters, etc., should be added.
4. The prohibitions of (former) section 70.1(1) on advertising by other agencies should be maintained, and the issue should be referred to the Supreme Court. To strengthen the case that limits on interest-group advertising can be reconciled with the right of free expression, the parliamentary channel should be used during election campaigns for groups to express their points of view. The broadcasting arbitrator could arrange debates between groups with contending views and allocate "free-time" broadcasts. Even without the stimulus of the need to balance spending restrictions on parties with similar restrictions on interest groups, opening up the parliamentary channel for interest-group debate would help to inform the electorate.
5. In the allocation of existing free-time slots on radio and television, the parties should not be allowed to use this time for 30- or 60-second ads. Free-time spots should consist of a minimum of five minutes, so that the electorate will be exposed to longer and perhaps even more thoughtful political communication. The media allocation formula should also stop giving an advantage to the victor of the previous election.

Strengthening of Election Expenses Regime

6. The Chief Electoral Officer should receive additional funds from Parliament for civic education work between elections.
7. A permanent voters list should be created. This will be good in itself, will allow the shortening of election campaigns to four weeks and will reduce pressures on campaign spending.
8. The allocation of free-time broadcasting should be increased, or the time purchased by public subsidy, rather than by the parties. In a four-week campaign, free-time broadcasts or political advertising should only take place during the last two and a half weeks of the campaign. The time allocated should be between 30 minutes and an hour per night, a period that could be allocated in turn to each of the parties, or to a series of party debates on key issues (foreign

policy, social policy, the economy, etc.), using spokespeople other than the leaders, who will participate in a final, longer debate. Because of the resulting increase in free time, the allocation of time for paid political advertisements should be reduced, at least by half, to no more than three hours and 15 minutes.

Application of Fairness Principles to New Areas

9. Advocacy groups or charities using the services of Canada Post for unsolicited mail should be required to disclose pertinent information on financial sources, including such details as the proportion of funds raised that are used for advocacy as opposed to fundraising. The requirement for disclosure should apply to interest groups as well as to parties. Candidates or citizens should have the right to file a complaint against advocacy groups with an election enforcement commission if such groups distribute literature or direct mail containing distortions. The commission should have the right to levy a fine, and, for a specified period, all communication by the offending organization would include a statement, indicating that its previous political communication had been found to include inaccurate information.
10. Advertisements by corporations or unions attempting to influence public opinion rather than promote a product or service should not be considered an allowable business expense.
11. If political parties intend to use the income tax credit to encourage contributions to any leadership campaign, then they must agree to sensible spending limits and disclosure of contributions, conditions similar to those contained in the election spending provisions. General guidelines could be set by the Chief Electoral Officer, with the parties submitting specific proposals for approval.
12. If public subsidy of parties makes sense during election campaigns, then public support for parties between elections has an equally valid claim. Such support, based on a mutually agreeable formula, should be contingent upon the parties instituting reforms, such as maintaining regular membership lists with nominal membership charges. Sensible membership participation in key party activities like conventions to determine policy, the leadership and the nomination of candidates for election would go a long way to restoring public trust in our party system. "Instant" membership manipulation in our parties should become a thing of the past. The allocation of a portion of the public subsidy to party policy foundations should be mandatory.
13. The use of taxpayers' money for public opinion surveys gives the party in power an unfair advantage over its opponents. Departments

which intend to use surveys should give adequate notice in the *Canada Gazette*, and all surveys should be published within three months of their completion.

14. There is a fine line between government information and taxpayer-assisted propaganda. As a general rule, the departments should not be allowed to advertise a service or program until a bill has passed all stages of Parliament. Government advertising during election campaigns should be especially tightly monitored. An advertising arbitrator should be appointed, or, failing this, ruling on the validity of government advertising can be a specific function of the election enforcement commission. Both opposition members of Parliament and the public would have the right to petition the arbitrator to prohibit government advocacy advertising.[20]

APPENDIX A
HIGHLIGHTS OF AMERICAN ELECTION CAMPAIGN PRACTICE

1776 Seven of the Thirteen Colonies restricted the vote to property owners: only 6 percent of U.S. citizens were eligible to vote. By 1824 only Virginia and Rhode Island qualified voters by property tests. By the 1830s the United States was a mass democracy with universal suffrage for white male voters (Jamieson 1984, 4).

Washington's farewell address lamented "the baneful effects of the spirit of Party" (Burns 1982, 134).

1796 Thomas Jefferson organized Republican supporters in the Senate and House of Representatives in caucus to decide on nominees for president and vice-president. From 1796 to 1824 "King Caucus" was the primary device for choosing Republican and Federalist nominees. But party supporters in the states sometimes chafed at this congressional prerogative: in 1808, for example, a delegate convention of Federalists formally endorsed Charles Pinckney and Rufus King (David et al. 1964, 38–64).

1800 Handbills and pamphlets were used both to attack and extol Thomas Jefferson and John Adams. "Negative" advertising has been part of politics since the first campaigns. Aaron Burr organized New York wards, card-indexed voters and canvassed for funds door-to-door in a successful effort to elect Jefferson as president (Burns 1963, 32–38).

Newspapers were few (200), limited in circulation (700–800 subscribers), aimed at an élite, literate audience and fiercely partisan. By 1830 the number of newspapers had increased from 200 to 1 200; politicians and parties owned newspapers. The penny press emerged by the 1830s, with mass circulation and dependent on political contacts and commercial advertising (Ginsberg 1986, 86–148; Abramson et al. 1988, 10).

1824 The first campaign biography of Andrew Jackson – "Old Hickory." The *Harrisburg Pennsylvanian* reported on the first "straw poll" taken in Wilmington, Delaware, showing Jackson far in the lead over Adams in popularity: 350 000 Americans voted in 1824 (Jamieson 1984, 6).

1828 The first real party election with slates of electors committed to Andrew Jackson or John Quincy Adams. Jackson's supporters used hickory branches and poles as symbols in their campaign. Start of "image" advertising. By 1832 party organizations in half of the states, and by 1840 full development of the modern party system. The triumph of parties paralleled the emergence of mass democracy and the penny press. Parties organized torchlight parades, bands, music, published handbills and used mass organization to encourage citizens to vote. The number of voters jumped in 1828 to 1 155 000 and doubled to 2.5 million by 1840. The United States was the first mass democracy (David et al. 1964, 67).

1832 The Democratic Party of Andrew Jackson held the first real public convention to nominate Jackson for president and Martin Van Buren for vice-president. Delegates to the convention came from the states and were not restricted to members of Congress. In 1831 the old Federalist party, now called "National Republicans" and soon to be known as the Whigs, held a convention of party delegates that nominated Henry Clay. After 1832 both Democrats and Whigs had regular conventions to choose their nominees. In 1840 the Democratic convention was the first to issue a party platform and in 1848 also initiated a continuing national committee to serve between conventions (David et al. 1964, 39–64).

1836 Presidential candidate William Henry Harrison made the first campaign tour and delivered "nonpartisan" speeches on the Declaration of Independence. Harrison's precedent was not emulated, however, until 1896, when William Jennings Bryan inaugurated the full-scale campaign tour across the United States.

1840 The first "modern" campaign with party organizations in all states, "image" advertising with the "log cabin/hard cider" campaign of William Henry Harrison, the first use of campaign buttons and "pseudo-events," such as the aristocratic Daniel Webster camping with the Green Mountain Boys before an open fire. "Photo-ops" are not the invention of television but are stepchildren of image-making itself (Jamieson 1984, 3–16).

1844 The invention of the telegraph.

1845 The United States decided on a uniform national election date – the Tuesday following the first Monday in November. Previously states had decided on election dates and party managers had schemed to choose the dates most advantageous to their parties.

1848 The formation of the Associated Press.

1854 The Republican party was founded and ran John Fremont for president in 1856. By 1860 Republican and Democratic party rivalry was set, and has continued to the present.

1860 Abraham Lincoln was elected president after the expenditure of $100 000 (Ginsberg 1986, 167).

1870 The 15th Amendment to the Constitution extended the franchise to Blacks, following the abolition of slavery.

1878 The first commercial telephone exchange.

1880 The golden age of the parties, with an estimated 2.5 million Americans engaged in political organizations. Most of these workers were in full-time patronage jobs, i.e., an indirect "public subsidy" of election expenses (Ginsberg 1986, 167). Newspapers were the principal weapons in the partisan battle of the age – the 1850 census listed only 5 percent of newspapers as "neutral" or "independent" (Jamieson 1984, 22).

1883 The *Boston Globe* developed a system of sending reporters to carefully selected precincts to forecast final results. Newspaper polling became more sophisticated, with the *Chicago Tribune* polling 14 000 factory workers in 1896 and the *New York Herald Tribune* polling 30 000 voters in New York City in 1904 (Ginsberg 1986, 78).

1892 Governor Cleveland accepted the Democratic nomination, not at a convention, but before a crowd of 18 000. Restrictions on personal campaigning by presidential candidates began to weaken (Jamieson 1984, 16).

1896 William Jennings Bryan launched his campaign with a speech at Madison Square Garden. Campaign tours with candidates began. Bryan made 600 speeches in 27 states and travelled more than 18 000 miles to reach five million people (Jamieson 1984, 20).

1919 Woodrow Wilson delivered the first broadcast speech to a handful of radio listeners. In 1923 Calvin Coolidge delivered the first broadcast State of the Union address, and in 1924 Coolidge made the first "national" radio speech, with a 20-station hookup that linked the East and West coasts (Jamieson 1984, 24–26).

1920 The *Literary Digest* mailed 11 million ballots to telephone owners to test sentiment on presidential hopefuls.

Women gained the vote in federal elections.

First commercial radio broadcast.

1924 Political conventions were broadcast on radio for the first time. In 1924 there were 3 million radios in the United States; by 1935, over 30 million. In 1924 Republicans and Democrats began to buy time on radio for political broadcasts. By 1928, CBS and NBC had established national radio networks, and in that year Republicans, for the first time, earmarked the majority of their publicity money for radio (Jamieson 1984, 25).

1932 Franklin D. Roosevelt became the first candidate to accept a nomination in person and to address a convention, when he flew to Chicago to pledge "a new deal" for the American people.

1934 In the Republican campaign for the governorship of California, Chem Whitaker and his wife Leone Baxter formed the first political consulting company and helped defeat Democrat Upton Sinclair. California became the incubator of the political consulting industry (Sabato 1981, 10–13).

1935 George Gallup initiated scientific polling with the establishment of the Gallup poll for sponsoring newspapers. Gallup had begun in 1933 to measure the readership of newspapers with his techniques (Gallup 1972).

1936 The *Literary Digest*, employing the old techniques of mailing 10 million postcard ballots, predicted that Roosevelt would lose the election. The *Digest* poll was in error by nearly 20 percent: Gallup predicted a Roosevelt victory.

1939 At the World's Fair Franklin Roosevelt delivered the first address to a television audience. Television covered the 1940 political conventions (there were less than 100 000 viewers). In 1946 only 7 000 home-owners had television, but this grew to 19 million homes by 1952 and 45 million by 1960 (Jamieson 1984, 34).

1940 The tide of partisanship in American newspapers receded. In a 1940 survey, 48 percent of newspapers labelled themselves "neutral" or "independent."

1943 The Congress of Industrial Organizations (CIO) formed the first Labour Political Action Committee. Business did not respond until 1962, with the National Association of Manufacturing's Business and Industry Political Action Committee (Goodwin 1988, 87).

1944 Democrats produced radio ads which employed drama, music, person-on-the-street interviews and editing rather than traditional "talking head" political broadcasts.

1948 A documentary film was produced for the Truman campaign and run in cinemas along with newsreels. It was viewed by 50 million moviegoers and had an important impact on the narrow Democratic victory. In 1948 Truman spent $2.7 million and Dewey $2.1 million. By 1973, Nixon would spend $61 million and McGovern $31 million (Jamieson 1984, 32–34).

1952 In the Eisenhower campaign, ad agencies like those of Ted Bates, Young and Rubicam, and especially Batten, Barton, Durstine and Osborne (BBD&O) assumed a critical role in the first "Madison Avenue" campaign. Rosser Reeves of the Ted Bates Agency, produced the first television commercials, "Eisenhower Answers America." The Eisenhower campaign also had 60-second spots attacking the Truman record in

Korea. These first negative TV commercials were also the first television commercials. In 1952, for the last time in 20th-century U.S. politics, the amount spent on radio ($3.1 million) exceeded that spent on television ($2.9 million). By 1957, 41 public relations or advertising firms offered campaign services; by 1972, 262 agencies were involved in full- or part-time political activity (Jamieson 1984, 39–89).

In addition to the first televised commercials, in 1952 the Eisenhower campaign experimented with the first direct-mail effort. Ten thousand letters each were sent out on three different issues, and results from the Korea letter so overshadowed the others, both in terms of impact and money raised, that his words "I will go to Korea" became the focus of the Republican campaign (Armstrong 1988, 40–60; Goodwin 1988, 3).

Richard Nixon saved his career with the "Checkers" television speech, defending his use of a secret trust fund created by supporters.

1956 Democrats experimented with production of concept spot ads that did not require the presence of the candidate. In 1956, political ads were no longer than five minutes as opposed to the typical 15- or 30-minute broadcasts of 1952. Adlai Stevenson refused to run any negative "Nervous About Nixon" ads (Jamieson 1984, 90–121).

1960 The role of pollster as strategist became significant for the first time; both presidential candidates relied heavily on private poll findings – Nixon on the work of Claude Robinson of Opinion Research Corporation, and Kennedy on Louis Harris. Pollsters grew in importance, both politically and in government, as Patrick Caddell (for Jimmy Carter) and Richard Wirthlin (for Ronald Reagan) exerted influence over government policy (Blumenthal 1982, 44–75).

According to opinion surveys, Kennedy "wins" televised debates and "loses" radio debates. These contrasting results emphasize the impact of personality and visual attraction.

The Kennedy campaign used mobile cameras and location shoots for television ads (Jamieson 1984, 122–68).

1962 Business created the first political action committee. Initially, PACs grew slowly, but increased from 608 in 1974 to 4 800 in 1987 (Goodwin 1988, 87; Magleby and Nelson 1990, 18).

1963 CBS began a 30-minute newscast at the supper hour.

1964 The Lyndon Johnson campaign initiated the modern era of the "60- and 30-second negative spot" with one of the most controversial ads in history, the "Daisy" ad implying that Barry Goldwater might start a nuclear war. Tony Schwartz was its creator (Jamieson 1984, 169–219).

The Goldwater campaign made the first large-scale election use of direct-mail fund-raising, sending out 12 million letters, raising

$4.7 million and creating a list of 221 000 names. The Goldwater list became the basis of Richard Viguerie's house list for right-wing causes. By 1984, building on the Goldwater direct-mail success, the Republican party had built a list of 1.1 million names which raised $201 million (Blumenthal 1982, 235–52; Goodwin 1988, 101).

1966 Winthrop Rockefeller used direct mail, not only for fund-raising, but also as a campaign technique, sending one million pieces of mail to Arkansas' 500 000 voters (Ginsberg 1986, 162–66).

1968 In Humphrey's campaign, for the first time, campaign manager Larry O'Brien turned over advertising decisions to consultant Joe Napolitan as an autonomous operation. Napolitan's role became the model for the "permanent campaign" political consulting industry (Blumenthal 1982, 150–60).

1971 Eighteen-year-olds gained the vote in the 26th Amendment to the Constitution.

Taxpayers were allowed to "check off" donations to parties.

1972 The Nixon campaign created an ad hoc agency, "the November Group," independent of existing agencies, to combine the best talent for the Republican cause. Campaigns were no longer the captives of established agencies (Jamieson 1984, 276–328).

1974 Following Watergate, campaign financial "reforms" led to expansion of PACs and public subsidy of presidential campaigns (Drew 1983; Sabato 1989).

1976 Carter's media adviser, Gerald Rafshoon, produced the Carter ads and became the first such consultant to move from advertising to a position in the White House. Media advisers and pollsters now became influential in government, as well as in elections (Jamieson 1984, 329–77).

1978 Geodemographic techniques were employed in Missouri by consultant Matt Reece. Through computer analysis, personal characteristics of citizens of a census tract were determined, and inhabitants of that area then received a mail and telephone canvass to appeal to their particular interests (Chagall 1981, 329–40).

1979 Instantaneous pulse readings of focus groups was achieved through NBC's use of its QUBE system to monitor the immediate reaction of 29 000 viewers in Columbus, Ohio, to Jimmy Carter's "Crisis of Confidence" speech (Abramson et al. 1988, 164; Armstrong 1988).

1980 Independent interest groups, such as the National Conservative Political Action Committee (NCPAC), created and ran negative ads that contributed to the defeat of Jimmy Carter and several Democratic senators (Jamieson 1984, 379–445).

1984 Ronald Reagan and Walter Mondale used satellite transmissions and teleconferencing to hold "national" press conferences and appear electronically at simultaneous fund-raising events (Armstrong 1988; Abramson et al. 1988, 1102–1105).

Gary Hart used video image generators in the Iowa caucus to create a high-technology image. Hart's campaign used a computer to break video images into component parts and then rearrange them.

1988 The negative "Willie Horton" ad, as controversial as the "Daisy" ad of 1964, was aired by an independent committee opposed to Dukakis; for the first time, a political ad defined the campaign agenda (Goldman and Matthews 1989; Taylor 1990; Black and Oliphant 1989).

Video-camera and satellite feeds allowed instant response to ads, and the campaign became a series of "action-response" political ads. Real debate between candidates in 1988 was conducted through 30-second television spots, with attack quickly provoking counterattack.

For the first time, ads on cable television attracted a significant amount (5 percent) of the political advertising budget (Armstrong 1988, 177).

Video cassettes were used extensively by candidates for fund-raising and organizing, as 40 percent of all television households in the U.S. owned video-cassette recorders (VCRs) by 1986. George Bush first used video cassettes in the 1980 contest with Ronald Reagan.

APPENDIX B
HIGHLIGHTS OF CANADIAN ELECTION CAMPAIGN PRACTICE

1791 The Constitutional Act established legislative assemblies in the colonies of Lower and Upper Canada with the franchise based on British law: the right to vote was granted to owners of land and businesses returning an annual income of £2 in rural districts, and in the cities, owners of businesses returning an annual income of £5, or tenants who paid an annual rent of £10 were enfranchised. British franchise qualifications, as applied to the land-rich Canadas, meant an exceptional extension of the suffrage for that time: one out of every eight Canadians was qualified to vote. Gradually, as urban workers multiplied and franchise property restrictions remained, Canada became less democratic. Extension of the franchise, however, did not become an issue until the 1880s (Ouellet 1980, 4).

1810 Governor Craig seized the press of *Le Canadien* and jailed its principal editors, including the leader of the Parti Canadien, Pierre Bédard. Newspapers like *Le Canadien* were the main instruments of Reform and Family Compact politicians alike. William Lyon Mackenzie's *Colonial Advocate* was smashed by a mob in 1826, and a libel case initiated by the government sought to close Joseph Howe's *Nova Scotian* in 1835 (Taras 1990, 43).

1827 Louis-Joseph Papineau won a smashing victory in a Lower Canada election, followed by a similar Reform success in 1828 in Upper Canada. By the 1820s the development of the Canadian party system was well under way, with a clear demarcation between the Parti Canadien and the Château clique in Lower Canada, and the Reform party and Family Compact in Upper Canada. In Upper Canada, for example, elections were very competitive, with the Reform party led by Mackenzie and Baldwin winning in 1828 and 1834, and losing in 1830 and 1836. Torchlight parades, handbills and partisan newspapers were the principal political tools (Ouellet 1980, 183–211; Craig 1963, 188–209).

1834 Lower Canada took away the vote of women property holders, which they had enjoyed since 1791.

1841 Following the rebellion of 1837–38 and the Durham Report of 1839, in February 1841 the Union of the Canadas was created. The Legislative Assembly of 84 members was elected on a basis similar to that provided for in the 1791 Constitution: property holders of land worth 40 shillings in the country received the vote, and in the eight urban constituencies the vote was given to owners of homes worth £5 a year or to tenants paying £10 rent a year. This was a "farmers franchise." Elections continued to be bitterly contested in 1841, 1844 and 1848 between the Reform party led by Baldwin and Lafontaine and the Tories of William Draper and Sir Allan MacNab. In 1849, with the signing of the Rebellion Losses Bill, responsible government came to the Canadas – an executive dependent on parliamentary support (Careless 1967, 13–14, 225).

1847 The first Canadian telegraph service.

1854 The formation of the Liberal-Conservative ministry dominated by John A. Macdonald and George Étienne Cartier. Following the resignations of Baldwin and Lafontaine in 1851, the old Reform coalition gradually disintegrated. Macdonald was able to attract the former supporters of Lafontaine to the Conservative party, thus ensuring Conservative dominance until 1896 (Creighton 1952; Underhill 1960; Stewart 1986).

1855 New Brunswick introduced the secret ballot, followed eventually by Nova Scotia in 1870 and Ontario in 1873 (Ward 1950).

1859 Five hundred and seventy delegates attended the Clear Grit Reform convention, the largest political assembly yet seen in Canada. This convention symbolized the evolution of the Reform-Family Compact party system of the 1820s to 1840s into the Liberal and Conservative party era of post-Confederation Canada: the Clear Grits of Ottawa and Les Rouges of Quebec versus the Ontario Tories of Macdonald and Les Bleus of Cartier (Careless 1959, 311–22).

1860 Macdonald inaugurated the practice of a leader's speaking tour with a series of speeches and parades in various Upper Canada communities. In a Toronto rally during this tour the name "John A" was shot out in flaming gas jets, demonstrating that campaign visuals were not an invention of the television age! By the campaign of 1887, election tour demands on Sir John A. Macdonald were so heavy that after rallies "he could do nothing but tumble into bed" (Creighton 1955, 469).

1865 Three hundred and eighty newspapers in Canada published weekly or more often; by 1881 there were 61 dailies and 413 weeklies. Most had strong political leanings (Soderlund et al. 1984, 7).

1867 The first election in the new Dominion of Canada. The 181 members of the first House of Commons were elected under four different franchises, since each province used its pre-Confederation election law; open voting, except in New Brunswick, was practised; with the exception of Nova Scotia, no province had a provision which called for simultaneous voting in all constituencies, thereby allowing the government to time constituency elections according to partisan advantage. (In 1867 the election was extended to six weeks and in 1872 it took three months.) To complicate matters further, Ontario and Quebec held 48-hour contests, with the results tabulated at the end of the first day. It requires little imagination to conjure up the devices which a government party, a little behind after one day, would employ to catch up (Ward 1950).

1872 Federal Liberals spent, according to Conservative party estimates, $250 000 on an unsuccessful effort to defeat the Conservatives of Sir John A. Macdonald (Paltiel 1970, 21).

1873 The Pacific scandal implicated Macdonald for receiving campaign contributions in exchange for promotion of the Pacific railway. According to the practice of the time, fund-raising was the responsibility of the party leaders.

1874 Following the defeat of Macdonald, Liberal A.A. Dorion introduced the electoral reforms of a secret ballot, simultaneous voting rather than voting staggered over several days, and the concept of agency, in which the candidate and official agent were required to produce a statement indicating how and where campaign funds had been spent. The reason for the reform was publicity about the actions of individual candidates, not the party (Ward 1950).

1876 Alexander Graham Bell made the first telephone communication in history between Paris, Ontario, and Brantford, Ontario. The invention of the telegraph and telephone meant that human communication was no longer restricted by the perceptive capacity of the eye or ear. These inventions had an impact on the 19th century comparable to that of television a century later.

Macdonald began the practice of regular political picnics in a successful summer by-election in Uxbridge, Ontario. The political picnic became a staple of late 19th-century campaigns (Nolan 1981, 31–33).

1878 In the first election to see the introduction of the secret ballot and simultaneous elections, following the Liberal reforms of 1874–78, Macdonald won a major victory on "The National Policy" of economic nationalism.

1882 Thomas McGreevy, MP, became principal collector of contributions and treasurer of the Conservative party, thus shifting responsibility for party fund-raising from the leader.

1884 With the establishment of *La Presse*, people's journalism began to challenge the pre-eminence of the party press. A people's journal sold for $0.01, compared to $0.03 for the party press, and news rather than comment was the main thrust of the new journals (Kesterton 1967, 27–63; Soderlund et al. 1984, 7–10).

1885 In response to the lowering of the property qualification for the vote in Nova Scotia, Manitoba and Ontario, Macdonald introduced a dominion-wide Franchise Bill which sought to stem the tide toward universal suffrage by establishing a uniform set of property-based qualifications for the vote. Initial provisions of the bill included higher property qualifications than those existing in most provinces: $300 in cities and towns, $150 in rural areas, and an income qualification of $400. The bill also proposed to allow votes for Indians and women who qualified as property owners. A fierce debate ensued over the bill which was eventually amended to drop provisions for women, natives, and the high property qualifications. The bill, as finally passed, incorporated Canada's first national voting qualifications (Ward 1950).

1887 The election of Wilfrid Laurier as Liberal leader, the first French Canadian to head a national party.

1891 The Conservative campaign emphasized the "Old man, the Old policy and the Old flag." Macdonald's appeal was a sign of the growing electoral importance of the leader of the party.

1893 The national Liberal convention,the first such gathering since 1859. The extraparliamentary party passed resolutions which formed the basis of the 1896 platform (Schull 1965, 268–70).

1896 Laurier initiates the whistle-stop railway tour, visiting between 200 and 300 communites and speaking to an estimated 200 000 voters. The railway tour became the centrepiece of the leader's personal campaign until replaced by air transportation in 1962. In 1965, John Diefenbaker returned to the railway whistle-stops as his main campaign focus, and in 1974 Pierre Trudeau also used the train to tour Quebec and the Maritimes (Nolan 1981, 33–36).

1898 Following the election of 1896, the Liberals abolished the 1885 *Franchise Act* and returned voting qualifications to the jurisdiction of the provinces.

Universal manhood suffrage had by this time become accepted in all the provinces except Nova Scotia and Quebec, where property qualifications remained essentially as they had been since 1867. The federal election of 1900 was the first in Canada with nearly universal suffrage (Ward 1950).

1908 In a series of amendments to the *Dominion Elections Act*, Americans were prohibited from assisting in Canadian federal elections, and corporations were prohibited from contributing to candidates. Corporations were still free to contribute to parties, however, so the law was unenforceable.

1912 The federal Liberal party established a central information office with Mackenzie King as director.

1914 Breweries begin to use market research to assess consumer preference. Advertising agencies eventually applied these marketing techniques to political polling (Wearing 1988, 91).

1916 Manitoba became the first province to allow women to vote.

1917 Women who had husbands, sons, brothers or fathers in the Canadian or British armed forces were enfranchised. Conscientious objectors, Mennonites, Doukhobors and subjects born in an enemy country and naturalized after 1902 were disenfranchised.

The Canadian Press Wire Service was formed with the help of a $50 000 government subsidy (Nolan 1981, 36).

1918 Radio came to Canada with the Montreal station XWA, later CFCF, which became the first licensed broadcasting station in Canada in 1922. Between 1922 and 1928 the Minister of Marine and Fisheries licensed more than 60 radio stations. The 1925 election was the first to be influenced by radio, although it was not until 1930 that national leaders used it extensively. Radio spread quickly, and by 1930 one-third of Canadian homes had some sort of radio receiver set. By the late 1930s, 75 percent of home-owners had radios (Soderlund et al. 1984, 12–14).

Extension of the franchise to all women for federal elections. Women did not vote in Quebec provincial elections until 1940.

1919 The Liberal party holds the first Canadian leadership convention where the leader (William Lyon Mackenzie King) was chosen by elected and ex-officio delegates. The National Liberal Organization Committee, composed of representatives of federal and provincial Liberal parties, and with Senator Andrew Haydon as director, began work on political organization.

1920 The *Election Act* sponsored by the Conservatives created the post of Chief Electoral Officer and re-established a uniform federal franchise with no property qualifications. Plural voting – the ability to vote more than once depending on property ownership – was abolished federally. Canada had finally achieved "one person, one vote." Property restrictions continued in Quebec provincial elections, however, until 1936.

The 1908 ban on corporate donations was amended to include trade unions. In 1930 the efforts of J.S. Woodsworth led to the repeal of these amendments to make corporate and union campaign contributions legal.

1927 R.B. Bennett won the leadership of the Conservative party at a convention of elected and ex-officio delegates.

On 1 July 1927 the first coast-to-coast radio transmission originated on Parliament Hill.

1930 R.B. Bennett opened his election campaign in Winnipeg with a speech broadcast on radio. On the weekend before the close of the election both he and King spoke to the nation over the radio. This was the first election in which leading Canadian politicians used electronic communications (Peers 1969). Bennett is said to have contributed $750 000 of his own funds to the party's election campaign in 1930 (Paltiel 1970, 29).

1932 William Aberhart skilfully used the radio to advocate Social Credit theories in Alberta. In 1935 Aberhart led the Social Credit party to power.

Formation of the Co-operative Commonwealth Federation (CCF) in Calgary by farmers', labour and intellectual groups. The Regina Manifesto was published in 1933.

Passage of the *Canadian Radio Broadcasting Act* created the first national, publicly owned radio network. It was renamed the Canadian Broadcasting Corporation (CBC) in 1936.

The National Liberal Federation central office was opened in Ottawa. In 1933, Vincent Massey became president of the Liberal party.

1935 The Conservative party purchased time from the Canadian Radio Broadcasting Company for five 30-minute radio broadcasts by R.B. Bennett to publicize his "New Deal" (Peers 1969, 152).

In the election, the Conservatives purchased several 10-minute programs featuring "Mr. Sage," who commented somewhat critically on the abilities of Mr. King and the Liberal party. The use of drama was an innovation, but controversy erupted when the Conservative party refused to identify itself as the sponsor of the spots. King also used the radio network to make three broadcasts. The Liberal party allocated $50 000 for radio advertising (Peers 1969, 166).

1936 The *Canadian Broadcasting Act* prohibited dramatized political broadcasts, required that the sponsorship of political broadcasts be disclosed, advocated that time be allocated on an equal basis among all parties, and required a blackout of election campaign messages two days before polling day. The ban on dramatization was enforced from 1936 to 1968, when the provision was dropped by the 1968 *Broadcasting Act*. Until 1968 regulations for television prohibited cartoons, role-playing and film footage of political opponents.

1940 The CBC offered free-time political broadcasts to parties and henceforth refused to sell radio or television air time to political parties until the 1974 *Election Expenses Act* took effect.

1942 The CCF stunned Conservative party leader Arthur Meighen by defeating him in the York South by-election. The success of CCF candidate Joe Noseworthy was a triumph of election organization, and the CCF became known for its dedicated door-to-door campaigns.

1943 The Gallup poll began to publish its results in Canada.

Conclusion of a formal arrangement between the National Liberal Federation and the advertising agency Cockfield Brown & Co. for Cockfield Brown to plan and prepare Liberal publicity efforts. The agency prepared a plan for 26 quarter-hour radio broadcasts in 1943, but the party did not have the $73 000 necessary to pay for the production. In 1944 Cockfield Brown conducted a survey in the St. Lawrence–St.George riding of Toronto and in 1945 Liberals proposed an advertising budget of $200 000. The figure for the 1940 election had been $68 222. Cockfield Brown thus became the first advertising agency with a key decision-making role in Canadian politics (Whittaker 1977, 216–63).

1945 Cockfield Brown carried out surveys in 43 ridings to assess Liberal fortunes and to test campaign themes. Brooke Claxton was the first senior politician to promote the use of surveys, both in his riding of St. Lawrence–St. George and as a useful political tool (Whittaker 1977, 228).

1949 Cockfield Brown promoted the "Uncle Louis" image for Louis St. Laurent in the first Canadian election dominated by a consciously manipulated media image of a party leader. H.E. Kidd of Cockfield Brown became national secretary of the Liberal party in 1949 (Whittaker 1977, 237).

1952 CBC television broadcasting began.

1953 The parties refused the CBC offer of free television time.

Allister Grosart of the McKim advertising agency, which had played a major role in Conservative party media decisions since the late 1940s, commissioned his agency to do a survey of 3 000 respondents, which foretold that high taxes would be a serious campaign issue. Conservative leader George Drew subsequently promised a tax cut of $500 million in the election campaign (Camp 1970, 99–101).

1956 Television covered its first national political convention, one which saw the election of John Diefenbaker as Conservative leader.

1957 This was the first televised election. Louis St. Laurent made three quarter-hour free-time political broadcasts, reading the texts as if he were on radio; John Diefenbaker was a far more accomplished television performer. Prior to the election, Cockfield Brown had set up a television studio to produce 60 filmed programs and to train senior Liberals in the new medium. In their media plan, Cockfield Brown spent $35 000 on television production and allocated $15 000 more for the 10-minute programs in Ontario, but the television campaign was cancelled in May, given the Liberal party's inability to use the new medium. The films produced at headquarters could be shown on local stations, provided the ridings had sufficient funds to pay for them. Diefenbaker made five 50-second spot announcements for use by the local ridings (Whittaker 1977, 248–51).

1958 Réal Caouette founded Le Ralliement des Créditistes de Québec and began to buy time on television stations in Rouyn–Noranda, Trois-Rivières, New Carlisle, Sherbrooke and Quebec City. Like Aberhart on radio, Caouette was a magnetic performer on television, and in the 1962 election the Créditistes won 26 seats and 26 percent of the vote in Quebec (Canada, Committee 1966).

1959 The Ottawa Press Gallery finally allowed broadcast journalists to become members.

1960 The right to vote was given to Indians.

In Quebec the Liberal party of Jean Lesage made campaign finance reform a major plank in its election platform, after the abuses of the Duplessis regime. Maurice Sauvé, a key member of Lesage's election team, credited public opinion surveys with aiding Lesage's election and recommended to Keith Davey that the federal Liberal party make polling an integral part of its strategy.

The Kingston conference of Liberals and nonpartisan thinkers was organized by Mitchell Sharp to guide the Liberal party in new policy directions.

The founding convention of the New Democratic Party (NDP).

1961 Keith Davey, newly appointed national director of the Liberal party, retained Lou Harris, pollster for John F. Kennedy, to work for the Liberals. Polling now became a central tool of party strategy. In late 1964 Peter Regenstreif carried out the first national poll for the NDP. John Robarts, Premier of Ontario, retained Robert Teeter of Market Opinion Research of Detroit to do provincial work, and Teeter went on to work for Robert Stanfield and the federal Conservatives. Prior to the 1960s, political public opinion research in Canada had been occasionally used by the parties, but was rarely central to strategic decision making. Davey's decision to hire Harris, in conjunction with the earlier performance of advertising agencies like Cockfield Brown, McKim and Camp Associates, began an era of professional party management that lessened the dominance of the parliamentary parties (Davey 1986, 45–46).

The rally of the Liberal party endorsed the Kingston conference's ideas and initiated a tradition of regular conferences of the extraparliamentary party, being followed by the 1966 Liberal policy conference, the 1968 leadership convention and so on. The Conservatives followed with their climactic 1966 convention to oust John Diefenbaker, followed by their 1967 leadership convention, 1969 Niagara policy conference, etc. From 1961 on, the three major parties in Canada initiated a regular series of policy, leadership review or organizational conferences that involved the extraparliamentary wing of elected delegates. These conventions have accordingly become a significant part of Canada's political agenda.

Formation of the private Canadian Television Network (CTV), as a coalition of nine privately owned stations.

1963 The pioneering Quebec *Election Act* imposed ceilings on expenditure, required full disclosure and provided for partial public reimbursement of election expenses. These reforms had a great influence on the 1966 Barbeau report.

1964 In the Riverdale provincial by-election in Ontario, Stephen Lewis and the NDP perfected the "three canvass in a poll" organizational strategy and elected James Renwick.

October saw the launch of "This Hour Has Seven Days," which dominated television journalism until its demise in May 1966.

1965 In the election of this year, for the first time in Canadian history, the parties spent more on advertising in the electronic media ($1.2 million) than in print ($1.1 million). The growth in broadcasting expenditure was in part explained by the proliferation of television outlets. (In 1958 the Conservative government had decided to create the Board of Broadcast Governors, take away the regulatory responsibilities of the CBC and license several private TV stations.) By 1966, of the 59 television stations in Canada only 16 were owned and operated by the CBC. In 1972 Global Communications Ltd. was licensed to serve Ontario (Canada, Committee 1966, 400–403). The growth of private over public broadcasting outlets had political implications: unlike the CBC, private broadcasters accepted paid political broadcasts and spot commercials. The popularity of such spot political advertisements grew: in the election of 1968, there were 6 378 of them, and by the 1972 election this had increased to 15 923.

1966 In Ottawa the Conservative party annual meeting voted for a leadership convention to be held within a year, and for a regular leadership review mechanism. Dalton Camp, who won a narrow election as party president, pledged to implement the review process. Extraparliamentary delegates for the first time gained a significant element of power vis-à-vis the parliamentary leadership. Other parties followed the Conservative lead. In 1967 Robert Stanfield was elected leader of the Conservative party. In 1983 Conservative leader Joe Clark resigned when 33 percent of the party delegates voted to hold a leadership convention.

The Barbeau Committee report was tabled in the House of Commons. It recommended party registration and agency, subsidies to parties, candidates and parties, disclosure and limitations on spending. The Barbeau recommendations formed the core of the 1974 election expense reforms.

1968 The first televised debate between party leaders. Debates were later held in 1979, 1984 and 1988.

1970 The voting age for federal elections dropped to 18.

Party labels were to appear on ballots.

Nomination papers of a candidate had to be signed by the leader.

1972 The Conservatives used uniform graphics in party advertising. Robert Teeter, the Conservative pollster, utilized both national "waves" and target riding analysis. Negative TV spots by the Conservatives, attacking the Trudeau government, made their first real impact in the 1972 and 1974 campaigns. In those of 1979 and 1980, negative TV spots were the dominant mode; both the Conservative and Liberal parties used 30-second spots to attack the credibility of their opponents. Keith Davey, Liberal campaign chair, commented: "The 1979 campaign was about 'Anybody but Pierre Elliott Trudeau. We'll even take Joe Clark.' The 1980 campaign was 'Anybody but Joe Clark. We'll even take Pierre Trudeau!'" (Wearing 1988, 106).

1973 Bill C-203, the *Election Expenses Act*, was introduced in June and enacted in 1974. The sweeping reforms imposed spending limits on candidates and parties based on an agreed formula, provided for the reimbursement of campaign expenses, ensured the disclosure of contributions and amended the *Broadcasting Act* to force radio and television stations to make up to 6.5 hours of prime time available for paid advertising or political broadcasts by the parties during the last four weeks of an election campaign.

1974 The Liberals hired Martin Goldfarb to become their pollster; he was the first Canadian to hold such a senior post. In 1975 the Conservatives hired Allan Gregg, and by 1979 he was the Tory's senior pollster.

The Liberals created Red Leaf Communications to combine advertising talent from all agencies and to reduce dependence on any one agency.

1975 The Conservative party initiated Canada's first serious effort in direct-mail fund-raising. Prior to the 1974 *Election Expenses Act*, direct-mail or small-contribution fund-raising had rarely succeeded. In 1943 the Conservatives launched a "Popular Finance Campaign" to raise $1 million in contributions of $25 or less, but receipts failed to cover the costs of the campaign. In 1961 the Liberal Party of Ontario sent letters to 75 000 Liberal sympathizers, but returns were small. In 1972 the federal Liberal party experimented with computerized direct mail, committing $125 000 in the 1972 campaign, but results were meagre and the letters caused controversy. In 1974, immediately upon passage of the *Election Expenses Act*, the Conservatives created the PC Canada Fund to fulfil the requirements of agency demanded by the Act, but also as the basis of a new and sophisticated fund-raising effort. Led by David McMillan, the fund's national coordinator, and assisted by Republican direct-mail experts, the Conservatives soon began to tap into the ranks of small businessmen and professionals like lawyers, engineers and doctors (Paltiel 1988, 137–40).

In 1977 the Conservatives had 20 339 individual contributors, behind the Liberals with 21 063 and the NDP with 60 169. By 1979 the Liberals had fallen to 13 625 contributors, the Conservatives now had 34 952 and the NDP had increased their number to 63 655. In 1983 the Conservatives had 99 264 contributors who raised $9.1 million for the party, compared with 33 649 individuals who gave $3.2 million to the Liberal party, and 65 624 who gave $4.9 million to the NDP.

Traditionally the Conservative party had raised and spent far less than its main rival, the Liberal party, but by 1983 they were raising nearly double the amount of their rivals ($14.1 million for the Conservatives in 1983, $7.2 million for the Liberals and $8.6 million for the NDP). In 1976 the federal Liberal Agency was formed, but the Liberal party decided to allocate direct mail to their constituencies rather than do the job centrally; it only began to mount a serious direct-mail effort in 1981. In 1977 the NDP began to devote resources to the new fund-raising opportunity, and by the mid-1980s, for the first time, it was on an equal financial footing with its two established rivals.

1977 The House of Commons began televising its debates.

The Parti québécois enacted sweeping campaign financing reforms, which prohibited corporate and union contributions to parties, and specified that only voters could contribute to parties or candidates.

1979 Polling for Conservative and Liberal parties employed daily rolling averages of 200–500 respondents, in addition to strategic national surveys. The Conservatives also developed an in-house polling program at their national headquarters.

The media began commissioning polls, which increased from 8 to 10 surveys in 1979–80 to 24 national polls commissioned in the 1988 election.

1980 Conservatives used a telephone canvass to call contributors on their direct-mail list. Contributors now received both mail and phone solicitations.

1981 The 40-minute program "The Journal" began after the CBC news was shifted to 10:00 PM from 11:00 PM. "The Journal" immediately exerted a major impact on television coverage of politics. By the early 1980s cable penetration was also on the increase in Canada, giving subscribers between 12 and 30 channels. Cable operators began to offer free time to members of Parliament and political parties. In 1980, 55 percent of households had cable; by 1990, 71 percent of them were cable subscribers.

1983 The *Canada Elections Act* was amended to change the reimbursement formula to 22.5 percent of allowable expenditure rather than one-half of media costs, candidate and party expenditure limits were indexed to the CPI retroactive to 1981, a broadcasting arbitrator was appointed to carry out procedures like the allocation of free broadcast time, and an attempt was made to limit third-party activities.

1984 An Alberta court supported the suit of the National Citizens' Coalition (NCC) that sections 70.1(1) and 72 of the amended *Canada Elections Act*, which prohibited them from using print or electronic media to promote or approve a candidate, infringed on the NCC's right to freedom of speech and expression. After winning the case, however, the NCC played only a minor role in the election.

In the campaign the Conservatives, in addition to employing a rolling national poll, in-house polling for local ridings, direct mail for fund-raising and a computer mail network linking each of the riding associations to national headquarters, experimented with computer-assisted direct-mail and telephone campaigning to key groups in targeted ridings. They also employed the services of Mary Ellen Miller, a Republican direct-mail expert, to create the system known as "geodemographic targeting." Direct mail was used in this format, not for fund-raising, but for vote solicitation. Target voters were located in swing ridings and received letter and phone solicitation. The party sent letters to 30 targeted ridings at a cost of $20 000 per riding. In 1988 the system was expanded in a program known as Target '88: during that election 200 000 letters signed by Brian Mulroney were sent to target markets in 40 key ridings, requesting the views of the respondent. Sixty-five percent of those reached (130 000 of the recipients) responded. Recipients were also phoned, and received thank-you letters for taking the time to write to the prime minister. In effect Target '88 supplemented the national tracking polls by providing the equivalent of a 5 000-member "focus group" in a single riding (Lee 1989, 259–64).

1988 Following the leaders debates, the Conservatives showed their skill and the ability of new video and computer technology by creating new ads in 18 hours. The response time of campaigns had been cut to hours, rather than days or weeks.

Third parties such as the National Citizens' Coalition, the Alliance for Trade and Job Opportunities and various individual firms made a major impact in the campaign by spending $8–$10 million on advertisements in favour of free trade. The government of Alberta also initiated a campaign in favour of the pact. The Pro-Canada Network spent $750 000 opposing the Free Trade Agreement. Special interest groups had arrived in Canada in earnest.

1989 "Newsworld," a CBC 24-hour cable news channel, went on the air and, like "The Journal" at the start of the decade, immediately began to have an impact on political communications.

APPENDIX C
INVENTORY OF CAMPAIGN TECHNOLOGY

Table 5.C1
The media

New	Computers Satellites Cable Television Videocassette Recorders Direct Broadcast Satellite Multipoint Distribution Service Satellite Master Antennae Television Subscription Television Low-Power Television VHF Drop-in Television Videotex Teletext Lasers Fiber Optics
Old	Broadcast Television Radio Newspapers Magazines Telephone Telegraph
Non-News Media	Direct Mail Electronic Mail Polling Videoconferencing Computer Conferencing Teleconferencing Use of the above technologies (cable, satellites, broadcast television, etc.) for political purposes

Source: Abramson et al. (1988, 5).

APPENDIX D
TRENDS IN THE MEDIA AND POLITICS

Table 5.D1
Trends in the media and politics

Features	Media	Politics
1. Organizational Structure: Decentralized to centralized	From community newspapers to conglomerates, wire services, national newspapers, three TV networks. Dominance of Washington and New York.	Power shift from state and local parties to national party. Adoption of national party nomination rules. Decline of convention, rise of primaries. Growing importance of national political consultants (polling, fund raising, media). Dominance of Washington and New York.
2. Audience Orientation: Local to national focus	Growing reliance of public on national television for news and entertainment.	Increasing nationalization of voting patterns. Presidential Voting in midterm elections as referenda on national issues. Growing awareness by public of national public opinion.
3. Partisanship: Strong to weak	Decline of party and "cue-giving" press. Rise of objectivity ethic in journalism. Broadcast coverage overwhelmingly nonevaluative.	Decline of party organizations, party loyalty, and party voting. Shift from strongly partisan to "merchandising," centrist campaign style. From caucuses to conventions to primaries for nominations.
4. Message: Diversified to uniform	From multinewspaper to single-newspaper cities. Three networks broadcast same content.	From substantial regional variation in each party in the nineteenth and early twentieth centuries to greater ideological homogenization within the parties.
5. Financial/Resource Base: Government to party to private sector	From government sponsorship to newspapers, to nineteenth-century party press, to twentieth-century market-oriented press and commercial advertising.	From government patronage and legislative caucuses, to party as the key source of funds and campaign workers, to ad hoc candidate organizations and fund raising from individuals and political action committees.

Source: Abramson et al. (1988, 12).

ABBREVIATIONS

Alta. L.R. (2d)	Alberta Law Reports, Second Series
c.	chapter
en.	enacted
S.C.	Statutes of Canada
U.S.	United States Supreme Court Reports

NOTES

This study was completed in March 1991.

1. The first section of this paper relies heavily on Dahl's analysis.
2. The population of Athens in the 5th century BC is estimated to have been composed of 150 000 Athenian men, women and children, 35 000 long-term resident aliens or metics and 80 000 slaves (Botsford and Robinson 1956, 160). The number of citizens is estimated to have been between 35 000 and 40 000 (Finley 1983, 59).
3. There is a dispute as to whether Thucydides recorded Pericles' words as spoken or invented the speeches; Kagan (1991) considers that the words are those of Pericles.
4. In the *Gorgias,* Plato has Socrates attack Pericles for making the Athenians "idle and cowardly and talkative and covetous, because he was the first to establish pay for service among them" (Plato 1961, 297).
5. In 1830, prior to the great Reform Bill, the electorate was only 465 000 or 2 percent of the total population of 24 million in the British Isles (McKenzie 1963, 3).
6. Plutarch tells the story of how on one occasion, while the voting was under way in the assembly for an ostracism, an illiterate rustic approached a man and asked him to inscribe his potsherd for him with the name of Aristides. The man asked what harm Aristides had done him, and received the contrary reply, "None whatever. I don't even know the man, but I am fed up with hearing him called 'The Just.' " Whereupon Aristides, for he was the man of course, duly entered his own name as requested. Modern organizers would also recognize many of the techniques involved in ostracism debates: archaeologists have found several thousand potsherds with the name of the intended victim neatly inscribed, ready to be handed out to supporters prior to an assembly debate – much like an election slate at a constituency meeting during a party leadership campaign (Plutarch 1864).
7. For a succinct description of the roles of party and a lament about how well the Canadian party system is performing, see Meisel (1979, 119–35).
8. Pericles, as usual, put the case well: "We do not say that a man who takes no interest in politics is a man who minds his own business, we say that he has no business here at all" (Thucydides 1954).

9. A term widely popularized by journalist Sidney Blumenthal (1982).
10. The terms "Whig" and "Tory" first originated in the reign of Charles II. Both were worn with defiant pride. Whig originally meant a Scottish horse thief and was applied to those who attempted to exclude James, Duke of York, from the throne in 1679. Tory meant an Irish papist outlaw and referred to James's supporters. As early as 1690 the Tory members of Parliament dined together to draw up plans. The term Liberal originated on the Continent and referred to the Liberales – a Spanish party that early in the 19th century advocated constitutional government. Conservative, a designation first used in 1830, is derived from the French word "conservateur." See Blake (1972, 1–10). The Canadian party term "Clear Grit" originated in words of praise; people were said to be "all sand and no dirt, clear grit all the way through," referring to their anticorruption stance.
11. Ouellet's justly celebrated history is an excellent account of the growth of democratic skills, economic tensions and nationalistic fervour in the Lower Canada era (Ouellet 1980, 25).
12. Indeed, after the imprisonment of Bédard and his resignation as leader after 1810, James Stuart became leader of the Parti Canadien in the Assembly. Ouellet writes: "That Stuart should be leader of the party which spoke for the nationalist movement is somewhat astonishing" (1980, 191). Stuart's influence declined after 1818 and Papineau became the acknowledged head of the party.
13. The *Reform Act* of 1832 increased the British electorate by 50 percent. While it did not immediately change the social composition of British politics, it ended the age of the House of Commons as a closed arena in which cliques within the ruling classes contended for power. In 1832 the Tories founded the Carlton Club so as to have a focus for their efforts, and the Whigs followed suit with the Reform Club in 1836. By 1835 the Carlton Club was being used by subscribers to a Tory election fund, with the Duke of Wellington and Robert Peel as the first trustees.
14. With the second *Reform Act* of 1867, which extended the franchise to urban workers, British parties also began to develop organizational muscle. In 1867 Disraeli founded the National Union of Conservative Associations and followed that in 1870 with a central office. In 1877 the Liberals created the National Liberal Federation, modelled after Joseph Chamberlain's Birmingham Association. In 1891 the Liberal Federation developed its Newcastle Programme of social reform, which influenced Lord Rosebery's government of 1892–95. Indeed, Lord Rosebery attributed his fall to the difficulties associated with this ambitious party proposal. See Ostrogorski (1902, 285); Siegfried (1966); Riordon (1963); and Beer (1967, 58).
15. In 1896 Wilfrid Laurier initiated the whistle-stop tour by visiting 200 to 300 communities and speaking from a railway platform. It is estimated

that Laurier spoke to 200 000 voters by this method in 1895–96 (Creighton 1955, 469; Nolan 1981, 33–36).

16. The 1935 "Mr. Sage" series was produced by the Toronto advertising agency of J.J. Gibbons. After the outcry about who was sponsoring the attacks, the name of the agency was used but not the Conservative party's. The 1936 *Broadcasting Act* amendments also legislated the requirement that political sponsors be identified. One of the broadcasts had Mr. Sage talking to a neighbour in the following way about King: "Mr. Sage - 'He led his party into a valley not so long ago: he himself called it the Valley of Humiliation.' Bill - 'Slush fund for Beauharnois, wasn't it?'" The United States did not experiment with alternatives to leader broadcasts until 1944 when the Democrats used music and "man-in-the-street" interviews to support the re-election of Roosevelt (Peers 1969, 166).
17. See *Calgary Herald*, "Ottawa Polls Are Expensive," 22 December 1987.
18. For a good summary of the U.S. system with many suggestions on how best to reform it, see Sabato (1989).
19. One of the liveliest accounts, from which are drawn many of the quotations introducing the section on capital-intensive politics, is found in Armstrong (1988).
20. I am indebted to Tom Kent of the Institute for Research on Public Policy for many of the specific suggestions made in my list of recommendations.

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6

PUBLIC FUNDING OF POLITICAL PARTIES, CANDIDATES AND ELECTIONS IN CANADA

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Peter P. Constantinou

THE SCHOLARLY LITERATURE on Canadian party and candidate finance laws is somewhat incomplete. It has tracked the history of election laws, described the complexities of legislative regimes and provided a relatively accurate account of the pattern of party finance and expenditures. However, it has failed to examine thoroughly the public portion of political party and candidate financing and has ignored the costs of election administration. A number of interesting questions have been raised. One leading scholar explored the importance of money in politics over time, but admitted that attempting to determine accurately the "cost of the democratic parts of the electoral and parliamentary systems in Canada" was next to impossible (although at the time disclosure was not a well-established principle) (Ward 1972). Another has attempted to assess the total "cost of democracy" but falls short on completeness (Nassmacher 1989). We are developing a better understanding of how much political parties and candidates spend, but three questions about public funding of these participants remain unanswered: What are the legislative regimes? What do they cost? How do they compare?

The purpose of this study is to assess the complete cost of public funding of political candidates, parties and elections in Canada. The study is in three parts, and begins by examining the present rules regarding public funding at the federal level and in each of the provinces and the two territories. Secondly, it provides an assessment of the complete cost of public funding for parties and candidates in each of the jurisdictions. Thirdly, this study seeks to assess the cost of administering federal, provincial and territorial elections. This study concludes that the methods and costs per elector of public funding for political parties, candidates and election administration vary greatly among jurisdictions within Canada, and that federal public funding in these areas is neither the most generous nor the least generous but consistently about the median.

RATIONALE: WHY PUBLIC FUNDING?

Why should government provide public money to candidates and parties? Public funding initiatives are supported for three important reasons. First, it is argued that public funding initiatives help ensure fairness in electoral competition by encouraging a more level playing field and thereby lessening the obstacles to participation. In its 1977 working paper, the Manitoba Law Reform Commission suggested: "If the theory of democracy is to achieve any degree of actual realization, there must be some equality of opportunity to run for public office. Given the unavoidable expense of mass communication and a dearth of voluntary contributions from the public, the only feasible way to accomplish this is through some kind of state subsidy" (1977, 33). Proponents of public funding schemes argue that it is the proper role of government to safeguard the electoral arena as a place in which all citizens, rich or poor, can participate without facing major obstacles.

Second, public funding initiatives are based on the claim that it is important for government to work to reduce the potential for undue influence, thereby ensuring greater public confidence in the integrity of electoral politics. Scandal and other instances of "unethical" or illegal activity brought to the attention of the public have given many observers of the political process reason to become cynical, and some have adopted the attitude that "he who pays the piper calls the tune." When discussing the restriction of donations from "special interests" the federal Committee on Election Expenses (more commonly referred to as the Barbeau Committee) argued: "The central principle is the conviction that special interests do not contribute money unless they get something in return. It is suggested that this 'donations-for-favours' exchange may lead to a perversion of the democratic system and therefore must be eliminated. In short, the central concern is with the purity of the political system, rather than with the problem of party financing and the cost of elections" (Canada, Committee 1966, 90). It is repugnant to think that the flow of funds from private sources should dictate the tide of government action or inaction. Public funds help ensure that candidates do not feel obligated to a few private contributors who made their participation or success possible.

Third, public funding initiatives have been enacted in the hope that broad and meaningful dialogue will be encouraged and nurtured. On the subject of annual subsidies, Claude Ryan suggested: "The subsidy provides a floor beyond which you can add donations from private sources. The parties are making a contribution to the democratic process and as such they should be entitled to get some form of recognition for the work they're doing" (Ontario, Commission on Election Finances 1982, 231). From this point of view, government should work to ensure the political arena stimulates and strengthens individuals, parties and ideologies that might not otherwise be given an opportunity to participate. If "the clash of ideas is the sound of freedom," then it is the role of government to ensure that the arena is open and accessible, and that new ideas and political contenders can join the more established players.

METHODOLOGY

To be as complete as possible and allow full comparison, this study utilizes the concept of an election cycle, which is defined as the period from the beginning of the calendar year immediately following the second most recent election until the end of the calendar year during which the most recent election occurred. Using the federal example, the second most recent federal election occurred on 4 September 1984; the most recent federal election was on 21 November 1988. The most recent federal election cycle thus ran from 1 January 1985 until 31 December 1988.[1]

The logic behind this model is to cover public funding in nonelection years (such as annual funding to parties and tax credits) – all too often ignored – as well as during elections. Calculations based on election years alone, although undoubtedly interesting, are simply a "snapshot" in time and do not reflect the entire picture. This model allows us to capture the full range of costs to the public treasury from the beginning to the end of a complete election cycle.

This study seeks to discover what money government gives candidates and parties, the subsidy it provides through tax incentives and how much it spends on administering elections. It does not claim to assess the total "cost of democracy." The experience of other studies indicates that such a task is overwhelmed by conceptual and definitional difficulties.

The data have been provided by the chief electoral officer and related officials in each of the jurisdictions with the sole exception of certain tax credit data supplied by Revenue Canada.[2] This study utilizes data from the most recent election cycle, with the exceptions of Ontario and Manitoba, because data for their most recent elections were not completely available at the time of writing. In these cases the second most recent election cycle is used. For comparison purposes, all figures have been converted to 1989 dollars and calculated per elector (see appendix A for a complete list of the number of electors in each jurisdiction).

Four different forms of public funding are available to candidates and parties in Canada: reimbursements to candidates, reimbursements to parties, annual funding of parties (sometimes referred to as "block funding" or "annual allowances") and tax credits. In each case, this study will first examine the requirements for receiving such funding, and then examine the cost of that particular form of public funding to see how the federal level compares with the other jurisdictions.

REIMBURSEMENTS TO CANDIDATES

Until the 1960s and 1970s, government policy toward the financing of political parties and candidates was very much laissez-faire. Typically, election finance laws and reform have evolved as a product of or a reaction to scandal. Direct subsidies in the form of a post-election partial reimbursement of election expenses were meant to help campaigns that had become increasingly expensive (due mostly to television advertising costs) and lessen their reliance on privately donated resources. Quebec pioneered reimbursements in 1963 and played an important role in influencing the adoption of a similar system at the federal level. Quebec Chief Electoral Officer Pierre-F. Côté, in reference to the introduction of partial election expense reimbursements for candidates, declared: "The effect of these provisions is to give the opportunity to everyone to become a candidate. It's a major revolution in our democratic system and for a more perfect system, it's better to have this" (Ontario, Commission on Election Finances 1982, 228).

Along with the introduction of public funding systems came a number of rules that placed requirements on parties and candidates to ensure some level of public accountability. Table 6.1 summarizes the provisions for candidate reimbursements in each of the jurisdictions.

At present, seven provinces and the federal government have candidate reimbursements. Alberta, British Columbia, Newfoundland and the two territories have none. Although most of the reimbursement provisions are quite similar, there are different thresholds for eligibility.

Quebec became the first jurisdiction in Canada to provide partial reimbursements to candidates for electoral expenses when the new Quebec *Election Act* was passed on 10 July 1963 (Boyer 1983, 219). In 1977 the reimbursement provisions of the Quebec *Election Act* were replaced by the *Act to govern the financing of political parties*. Before 1981, candidates were entitled to a subsidy of $0.15 per elector. If candidate

Table 6.1
Candidate reimbursement provisions

Jurisdiction	%	Formula
Canada	15	Up to 50% of expenses up to 50% of limit
Alberta	N/A	None
British Columbia	N/A	None
Manitoba	10	Up to 50% of expenses up to 50% of limit
New Brunswick	15	All expenses up to sum of $0.35/elector plus 1 first-class letter per elector
Newfoundland	N/A	None
Northwest Territories	N/A	None
Nova Scotia	15	Expenses not more than $0.25/voter (indexed to CPI)
Ontario	15	The lesser of 20% of limit or amount spent (Limit $5 000 greater in northern ridings)
Prince Edward Island	15	$0.32/voter; not less than $750, not more than $1 500
Quebec	20*	Up to 50% of expenses up to 50% of limit
Saskatchewan	15	Up to 50% of expenses up to 50% of limit
Yukon	N/A	None

Source: Formulae for reimbursement extrapolated from relevant statutes by the author.

*In addition, candidates qualify for reimbursement if they were: elected, elected at the last election, or stood for a party whose candidate came first or second in the electoral district at the last election.

N/A = not applicable.

expenses exceeded this total, an additional one-fifth of the campaign expenses would be refunded up to a maximum of $0.40 per elector. In 1981 this was amended to allow candidates to receive a reimbursement equal to 50 percent of election expenses, or up to $0.15 per listed elector, whichever is greater. Pursuant to section 457 of the Quebec *Election Act*, candidates are now reimbursed 50 percent of election expenses. The reimbursement is paid to each elected candidate who obtained at least 20 percent of the valid votes, who was elected in the previous election or who is the candidate of either of the two parties whose candidates obtained the greatest number of votes at the last election in the electoral division. The Act stipulates that the reimbursement is based on a maximum spending limit of $0.80 per elector with certain exceptions.[3] The reimbursement is paid to the official representative of the political party or of the association, depending on the request of the official agent upon filing for the reimbursement. Reimbursements to independent candidates are paid jointly to the candidate and the official agent.

Based on recommendations made in 1966 by the Barbeau Committee, the federal government passed the *Election Expenses Act* in 1974 which established candidate election expense reimbursements. Pursuant to section 242 of the *Canada Elections Act*, candidates who have submitted their auditors' report and return of spending and contributions to the chief electoral officer are eligible for a reimbursement if they have been elected or have obtained at least 15 percent of the votes validly cast in their electoral districts. Candidates eligible for a reimbursement receive the lesser of 50 percent of their actual election expenses and 50 percent of their expense limit. The reimbursement is based on a spending limit of $1.00 for each of the first 15 000 names that appear on the preliminary list of electors for the electoral district, $0.50 for each name in excess of 15 000 up to 25 000 and $0.25 for each name in excess of 25 000 (all amounts are adjusted annually to the consumer price index (CPI)). The Act also increases allowable spending limits for geographically large districts by allowing $0.15 for each square kilometre in electoral districts where the density of electors per square kilometre is less than 10 (but in no case must the amount exceed 25 percent of the previous calculation). In 1988 the chief electoral officer of Canada reimbursed 739 candidates (Canada, Elections Canada 1989c, 60). Given that requirements for reporting are placed on candidates, section 243(4)(*b*) of the Act also provides a reimbursement of auditors' expenses not to exceed the lesser of $750 or 3 percent of the candidate's election expenses (minimum payment of $100).

Saskatchewan introduced reimbursements to candidates with the passage of the Saskatchewan *Election Act* in 1978 (amended in 1981). Under section 223(2)(*b*) of the Act, candidates who have met the requirements of filing are reimbursed 50 percent of their election expenses up to 50 percent of their expense limit, providing they have obtained at least 15 percent of the valid votes cast. Under the Act, the limits for candidate election expenses depend on whether the electoral district is in the north or the south of the province. For candidates whose electoral districts lie in the north, the choice is the greater of $19 646 (1981 base year, adjusted annually to the CPI) or $1.31 (1981 base year, adjusted annually to the CPI) per elector. Candidates in electoral districts in the southern half of the province are entitled to spend no more than the greater of $26 194 (1981 base year, adjusted annually to the CPI) or $2.62 (1981 base year, adjusted annually to the CPI) per elector. The payment is made to the business manager of each candidate. An adjusted amount is paid to candidates to help defray the costs of auditors' expenses, and in 1990 this was the lesser of $327 or the actual amount of the expense.

During 1976 and 1977 Manitoba's election laws came under great scrutiny. Both the Law Reform Commission and the chief electoral officer of Manitoba carried out extensive examinations; the latter focused on more technical and administrative issues, and the former concentrated on broader questions (Boyer 1983, 171). Based on the recommendations, the *Elections Finances Act* was passed in 1980. Despite the reforms, there were no subsidies for candidates until 1986. Manitoba's system reimburses candidates for 50 percent of election expenses up to 50 percent of the allowable limit. Candidates of electoral divisions of less than 30 000 square miles can spend up to $1.25 for every name on the revised voters list for that district. Candidates in electoral districts greater than 30 000 square miles can spend $2.00 for each name. It is important to note that the threshold for receiving the reimbursement – 10 percent of the valid votes cast – is lower than the 15 percent requirement under the federal system. Section 72(3) of Manitoba's *Elections Finances Act* also recognizes the added financial burden of reporting requirements and provides reimbursements for auditors' expenses up to $250.

In 1974 the Ontario Commission on the Legislature (more commonly referred to as the Camp Commission) recommended that public subsidies be provided to candidates to help defray the difference between receipts and expenses up to a maximum of $7 500 (Ontario, Commission on the Legislature 1974, 40). The *Election Finances Reform Act, 1975* (now the *Election Finances Act, 1986*) did not include this recommendation, but introduced a system of candidate reimbursement (Johnson 1991). Under section 46(1) of the Act, candidates who receive 15 percent of the valid votes are reimbursed the lesser of 20 percent of the expense limit or actual expenses. Reimbursements for candidates are based on a maximum of $2.00 for each of the first 15 000 eligible voters, $1.00 for each in excess of 15 000 up to 25 000 and $0.25 for each elector in excess of 25 000.[4] Candidates' campaigns are also eligible for a subsidy for auditors' expenses up to a maximum of $800.

Based on recommendations made by the Royal Commission on Election Expenses and Associated Matters, Nova Scotia passed the *Elections Act* on 25 April 1969. The recommendations of the Commission were influenced greatly by the Quebec *Election Act* passed six years earlier. Pursuant to section 164B(1) (section 182(1) of the current Act), candidates who have been declared elected or who received 15 percent of the valid vote are reimbursed $0.25 per registered elector (1969 base year, adjusted annually to the CPI). Payment is made to the official agent of the candidate.

Notwithstanding major amendments to the New Brunswick *Elections Act* in 1974, the province did not introduce election expense reimbursements to candidates until passage of the *Political Process Financing Act* in 1978 (Mellon 1991). Originally the threshold for receiving a reimbursement was set at 20 percent of the valid votes. In order to be consistent with the federal legislation, the Act was amended in 1986 reducing the requirement to 15 percent. Section 78(2)(*a*) of the Act now allows candidates who receive 15 percent of the valid votes a reimbursement of the lesser of the amount of the legally incurred election expenses, or an amount equal to the sum of $0.35 per registered elector and the cost of mailing each constituent a single one ounce first-class letter. The reimbursement is based on a spending limit of $1.50 for each elector in the electoral district. The Act also stipulates a minimum reimbursement of $7 500 and a maximum of $20 000.

Prince Edward Island introduced candidate reimbursement provisions in 1983 with the passage of the *Election Expenses Act*. Pursuant to section 10(2) of that Act (section 9(2) of the current Act), candidates who receive 15 percent of the valid votes are reimbursed a sum of $0.32 per elector (1983 base year, adjusted annually to the CPI), for a minimum of $750 up to a maximum of $1 500. The chief electoral officer authorizes payment of the reimbursement to the official agent of the candidate when all of the reporting requirements are met. Table 6.2 illustrates the cost of reimbursements to candidates in each jurisdiction, as well as the cost per elector for the most recent electoral cycle.

To allow proper comparison the costs are calculated per elector. It is clear that Saskatchewan has the most generous candidate reimbursement scheme; at $3.12, its system costs more than three and one-half times that of Canada at $0.82 per elector. The cost of reimbursements to candidates in Nova Scotia ($2.18) is more than two and one-half times higher than Canada's system, and New Brunswick's system costs just over twice that of Canada. The costs per elector of the systems in Manitoba and Prince Edward Island are slightly higher than at the federal level: $0.99 and $0.91 respectively. Quebec and Ontario rank just below Canada at a cost per elector of $0.77 and $0.67, respectively.

Why is there such variation, especially between systems that have similar provisions? Upon closer examination, it becomes apparent that the threshold for eligibility is not the only factor that needs to be considered. For instance, Saskatchewan has the same provisions for reimbursement as Manitoba, but the threshold for eligibility is different: 15 percent for the former compared to 10 percent for the latter. One would think that Manitoba's system would be more generous as a greater number of candidates would be eligible to receive the

Table 6.2
Reimbursements to candidates
(1989 dollars)

Jurisdiction (election)	Reimbursement	Total amount per elector
Canada (1988)	14 417 502	0.82
Alberta (1989)	0	0
British Columbia (1986)	0	0
Manitoba (1988)	724 477	0.99
New Brunswick (1987)	831 602	1.86
Newfoundland (1989)	0	0
Northwest Territories (1987)	0	0
Nova Scotia (1988)	1 361 806	2.18
Ontario (1987)	4 036 560	0.67
Prince Edward Island (1989)	81 000	0.91
Quebec (1989)	3 613 321	0.77
Saskatchewan (1986)	2 066 422	3.12
Yukon (1989)	0	0

Source: Chief electoral officers and related officials.

reimbursement. As table 6.2 indicates, however, the per elector cost of Saskatchewan's system of candidate reimbursements is more than three times that of Manitoba ($3.12 per elector as compared with $0.99 per elector). Because the reimbursement provisions in these provinces are calculated as a percentage of allowable election expenses, spending limits become an important determinant of how generous the system is.

REIMBURSEMENTS TO POLITICAL PARTIES

The second form of public funding available in Canada is political party election expense reimbursements. Canada, as well as Saskatchewan, Manitoba and Ontario, has this particular form of public funding. Table 6.3 shows the provisions for political party reimbursement in these jurisdictions.

Canada introduced reimbursements to parties at the same time it introduced reimbursements to candidates. Before 1983, parties were reimbursed 50 percent of their spending on broadcast media advertising. Pursuant to section 322 of the present *Canada Elections Act*, Canada

Table 6.3
Political party election reimbursement provisions

Jurisdiction	%	Formula
Canada	N/A	22.5% of expenses provided party has spent more than 10% of its spending limit
Alberta	N/A	None
British Columbia	N/A	None
Manitoba	10	Up to 50% of expenses up to 50% of limit
New Brunswick	N/A	None
Newfoundland	N/A	None
Northwest Territories	N/A	None
Nova Scotia	N/A	None
Ontario	15	$0.05/listed elector
Prince Edward Island	N/A	None
Quebec	N/A	None
Saskatchewan	N/A	Lesser of statutory amount, adjusted annually to the CPI or ⅓ of expenses
Yukon	N/A	None

Source: Formulae for reimbursement extrapolated from relevant statutes by the author.
N/A = not applicable.

reimburses all registered political parties 22.5 percent of election expenses provided the party has spent at least 10 percent of its expense limit. The reimbursement is based on a maximum allowable expense of $0.30 per name on the preliminary list of electors multiplied by a fraction that is provided by the chief electoral officer and based on the consumer price index (CPI).

Introduced in 1978, section 223(1) of the Saskatchewan *Election Act* (as amended in 1981) allows for a reimbursement to parties; the amount stated in the legislation is adjusted annually to the CPI. In 1986 the rate of reimbursement to parties was the lesser of $140 557 or one-third of actual expenses. The payment is made to the registered party's chief official agent. Section 224(2) also provides reimbursements for auditors' expenses up to $250.

Manitoba reimburses political parties that receive 10 percent of valid votes cast. They receive the lesser of 50 percent of total election expenses permitted or 50 percent of actual election expenses. The reimbursement is based on party spending limits of $0.80 for each name on the revised voters list in electoral divisions where the party has fielded a candidate. Section 71(3)(*b*) provides a reimbursement of auditors' expenses for parties of up to $250.

In Ontario, political party reimbursement provisions are not based on a portion of allowable election expenses, but are calculated according to the number of registered electors. Political parties are entitled to $0.05 for each registered elector if their party received more than 15 percent of the valid votes. Ontario also reimburses constituency associations for auditors' expenses up to a maximum of $400 for campaign and annual statements. Table 6.4 shows the cost of political party reimbursements for each of the jurisdictions in the most recent election for which complete data are available.

Once again significant differences are evident. As well as having the highest cost for reimbursements to candidates, Saskatchewan also has the highest cost for reimbursements to political parties at a cost of $0.48 per elector, almost three and one-half times the level for Ontario. It should be stressed that these are the oniy forms of public funding available to candidates and parties in the province, as there are no

Table 6.4
Reimbursements to political parties
(1989 dollars)

Jurisdiction (election)	Reimbursement	Total amount per elector
Canada (1988)	5 205 470	0.30
Alberta (1989)	0	0
British Columbia (1986)	0	0
Manitoba (1988)	260 926	0.36
New Brunswick (1987)	0	0
Newfoundland (1989)	0	0
Northwest Territories (1987)	0	0
Nova Scotia (1988)	0	0
Ontario (1987)	868 433	0.14
Prince Edward Island (1989)	0	0
Quebec (1989)	0	0
Saskatchewan (1986)	320 470	0.48
Yukon (1989)	0	0

Source: Chief electoral officers and related officials.

provisions for annual allowances or political contribution tax credits. When we consider that Saskatchewan has one of the highest election expense ceilings in the country, the results are a relatively generous election expense reimbursement system. But, as discussed below, when all forms of public funding are tallied, the cost of Saskatchewan's system is relatively low, ranking eighth highest of the thirteen. Manitoba is in second place at $0.36 per elector, followed closely by Canada at $0.30 per elector. Given that the threshold for eligibility in Ontario is 15 percent, it is not surprising that it is by far the most frugal system at a cost of $0.14 per elector, or one-half the level of reimbursements at the federal level.

ANNUAL FUNDING

The third form of public funding in Canada is annual funding to political parties, which exists in Quebec, New Brunswick and Prince Edward Island. Quite simply, these are allotments of money given each year to political parties. The grants are intended to provide parties with some "steady income" they can count on during nonelection years when they traditionally receive fewer private donations and no other public funding (except for the benefit of tax incentives). To a lesser extent, it also recognizes that parties are not only election machines, but can and do perform a number of other important functions. Proponents of this form of funding have suggested that it is easily administered (because parties receive funding in proportion to the number of votes they received), reflects voter preferences and is fair and equitable. On the issue of direct public subsidies, the Manitoba Law Reform Commission argued:

> Even with a candidate subsidy, parties must still raise and spend considerable amounts of money, not only during an election campaign but in the period between elections, and despite the existence of a tax-incentive scheme they will probably continue to rely on the traditional sources of funds, business corporations, trade unions, and wealthy individuals. A state subsidy would help to relieve this dependence and it would augment the effect of the tax incentives in spreading the financial support of parties over a wider popular base. (1977, 46)

In 1975 Quebec was the first province to provide annual funding to political parties; the system was altered to make it more generous in 1977. Section 83 of the Quebec *Election Act* of 1989 states that "the allowance shall be used to reimburse the expenses incurred by the parties for their current administration, the propagation of their political programs and the coordination of the political activities of their members; it shall be paid only if the expenses are actually incurred and paid."

Quebec now calculates annual funding by multiplying $0.25 by the number of electors at the last general election, and each party receives a payment in proportion to its share of the popular vote at the election. The grants are paid to all registered parties in 12 monthly instalments. To be registered, parties must seek "authorization" from the chief electoral officer. A party that commits itself to presenting at least 10 official candidates in at least 10 electoral divisions in a general election is eligible to apply for authorization (the National Assembly has 125 seats). Along with standard information on the party and its executives (names, addresses and party bank accounts), the party leader must furnish the names, addresses and signatures of 1 000 electors declaring that they are members or sympathizers of the party and in favour of the application for authorization. If a party does not live up to its commitment of presenting at least 10 candidates, authorization is withdrawn. Table 6.5 shows the amount of annual funding given to political parties in each year of the most recent election cycle.

New Brunswick introduced annual funding to parties in 1978 and, pursuant to section 31 of the *Political Process Financing Act*, calculates annual funding by multiplying the total number of valid votes for candidates of a party by an amount adjusted annually to the CPI. In 1987 that amount was $1.80. Section 34(1) states: "The annual allowance shall be used by the registered political party to pay the costs of their current administration, to propagate their political programmes and to coordinate the political activities of their members." Funding is paid to parties that are either represented in the Legislative Assembly, had at least 10 candidates in the last election (the Legislative Assembly has 58 seats) and have incurred costs (mentioned above) equal to or greater than the amount of the annual allowance. In cases in which a party

Table 6.5
Annual allowances to political parties, Quebec
(most recent election cycle, real dollars)

Year	Parti libéral	Parti québécois	Parti égalité	Parti des travailleurs	Parti citron	Total
1986	661 202	461 593	0	0	0	1 122 795
1987	665 642	469 189	0	0	0	1 134 831
1988	665 642	469 189	0	0	0	1 134 831
1989 (election year)	646 166	461 306	10 862	505	223	1 119 062
Total	2 638 652	1 861 277	10 862	505	223	4 511 519

Source: Directeur général des élections du Québec.

spends less than the annual allowance during a year, the difference is remitted to the minister of finance and paid to the Consolidated Fund. The allowance is payable in equal quarterly instalments on the last day of March, June, September and December. In the election on 13 October 1987 the Conservatives did not win any seats in the legislature but were still eligible to receive the annual subsidies. In 1987 the Conservatives received $348 510, the Liberals $303 346 and the NDP $74 923. In 1988 the schedule of annual payments was recalculated to reflect the results of the 1987 election. As a result of the new calculations, the Liberals received $490 937, the Conservatives $232 426 and the NDP $85 735. Table 6.6 indicates the amount of annual funding provided to political parties during the most recent election cycle.

Pursuant to section 23(1), (2) of the *Election Expenses Act*, 1983 (section 20(1), (2) of the current Act), Prince Edward Island calculates annual grants to parties by multiplying a sum determined by Cabinet (after consultation with the Leader of the Opposition) not greater than $1.00, by the number of votes validly cast in the last election (table 6.7). Prince Edward Island has the most stringent of requirements for eligibility, providing funding only to parties with two or more seats in the Legislative Assembly, which now has 32 members (16 seats with two members each). This requirement makes it difficult for emerging parties to have access to the annual allowances, and it is the subject of some controversy. The situation in neighbouring New Brunswick contrasts with the Prince Edward Island system and adds fuel to the debate. The *Election Expenses Act* does not stipulate, as do the Quebec and New Brunswick Acts, on what the parties must spend their annual allotments.

Table 6.6
Annual allowances to political parties, New Brunswick
(most recent election cycle, real dollars)

Year	Progressive Conservative party	Liberal party	New Democratic Party	Le Parti acadien	Total
1983	293 770	255 700	63 155	5 362	617 987
1984	308 367	268 405	66 293	5 629	648 694
1985	321 140	279 523	69 039	5 862	675 564
1986	333 912	290 640	71 785	0	696 337
1987 (election year)	348 510	303 346	74 923	0	726 779
Total	1 605 699	1 397 614	345 195	16 853	3 365 361

Source: Chief Electoral Officer, New Brunswick.

Table 6.7
Annual allowances to political parties, Prince Edward Island
(most recent election cycle, real dollars)

Year	Liberal party	Progressive Conservative party	Total
1986 – 87	45 112	40 837	85 949
1987 – 88	45 112	40 837	85 949
1988 – 89 (election year)	45 112	40 837	85 949
Total	135 336	122 511	257 847

Source: Chief Electoral Officer, PEI.

By calculating the total cost of annual funding in each of the years in the most recent election cycle per elector, it is evident that the three systems provide the parties with very different sums. New Brunswick's model is by far the most generous at $1.59 per elector per year, compared with $1.04 and $0.25 for Prince Edward Island and Quebec respectively.

POLITICAL CONTRIBUTION TAX CREDITS

The final method of public funding available in Canada is political contribution tax incentives that take the form of either tax credits or tax deductions. Tax deductions apply to one's taxable income, whereas tax credits apply to the actual amount of tax payable. Tax credit schemes were originally introduced as attempts to broaden the financial base of parties and candidates. With reference to submissions by candidates who said they had great difficulty in raising sufficient funds to run a credible campaign, the Barbeau Committee wrote: "The Committee finds this alarming, and believes that electors should be encouraged to bear a heavier burden of the expenditures occasioned by political campaigns. Candidates generally have never made much effort to gather modest contributions from a large number of electors. On the contrary, our evidence shows that they attempt to get large contributions from a few sources" (Canada, Committee 1966, 34). On the subject of the rationale behind the adoption of tax credits as policy tools, Herbert E. Alexander has argued: "Two key arguments favor the adoption of tax benefit as a stimulant to political contributions. First, it is argued that it would provide the incentive of actual monetary benefit to contributors; second, that there is a certain psychological persuasiveness in the idea of tax exemption which in effect signifies official government encouragement of the gift that is being solicited" (Alexander 1961, 11). Through the use of the tax credit as a policy tool, government attempts to encourage individual citizens to contribute to political parties and candidates. The tax credit is meant to provide the latter with a means of raising money throughout the election cycle and not just during election campaigns. Even more, contributions to political parties or candidates represent a form of public participation that is a positive characteristic of a healthy democracy. As table 6.8 indicates, only Newfoundland and Saskatchewan do not have tax credit systems.

Canada initiated a political contribution tax credit scheme in 1974 that has not changed and has served as a model for many provinces. Individual or corporate taxpayers are allowed to deduct from federal income tax otherwise payable, a credit for a portion of the donation to

Table 6.8
Political contribution tax credit provisions

Jurisdiction	Formula
Canada	75% of first $100 $75 plus 50% on contributions between $100 and $550 $300 plus 33.3% on contributions between $550 and $1 150 Maximum tax credit is $500 on $1 150 contribution
Alberta	75% of first $150 $112.50 plus 50% of contributions between $150 and $825, or $450 plus 33.3% of contributions greater than $825 Maximum tax credit is $750 on $1 725 contribution
British Columbia	Same as federal
Manitoba	Same as federal
New Brunswick	Same as federal
Newfoundland	None
Northwest Territories	100% of first $100 50% of contributions between $100 and $800 Maximum tax credit is $500
Nova Scotia	Same as federal
Ontario	75% of contributions up to $200 $150 plus 50% of contributions between $200 and $800 $450 plus 33.3% of contributions between $800 and $1 700 Maximum tax credit is $750
Prince Edward Island	Same as federal
Quebec	50% of first $280
Saskatchewan	None
Yukon	Same as federal

Source: Formulae for tax credits extrapolated from relevant statutes by the author.

a federally registered political party or candidate up to a maximum of $500 (see table 6.8). Registered parties and candidates appoint registered agents – official agents who are allowed to issue tax credit receipts. Individuals and corporations are not allowed to carry forward any claims from one year to the next. The tax credit can only be deducted from tax otherwise payable, so if an individual or corporation has no tax payable, the credit will not result in a refund. The tax benefit rules for donations to charitable organizations are slightly different. The maximum amount that may be claimed by individuals and corporations for charitable donations is 20 percent of net income (any excess may be carried forward over five years). The first $250 of eligible donations for a taxation year qualify an individual for a nonrefundable tax credit equal to 17 percent of the donation. Eligible donations exceeding the first $250 for a taxation year qualify the individual for a nonrefundable tax credit equal to 29 percent of the donation. For donations up to $1 150 the political contribution tax credit is more advantageous to individuals and corporations than the tax credit for charitable donations. Beyond that point, the tax credit for charitable donations becomes more advantageous.

British Columbia (1979), Manitoba (individuals 1980, corporations 1981), Nova Scotia (1981), New Brunswick (1980), Prince Edward Island (1985) and Yukon (1982) have all adopted tax credit systems identical to the federal system. Alberta, Ontario and Quebec each have different systems. The Northwest Territories has the same maximum credit as the federal system but uses a different formula (see table 6.8).

Despite the introduction of election finance laws in Quebec in 1963, and subsequent revisions in 1975, there were no tax credit provisions for political contributions until 1977, when the *Act to govern the financing of political parties* and amendments to the *Taxation Act* introduced tax credit provisions to the province. The legislation prohibited contributions from corporations and unions, allowing only electors to contribute. An individual elector who made a contribution to a political party or candidate was eligible to deduct from tax otherwise payable 50 percent of the first $100 contributed and 25 percent of the second $100, for a maximum tax benefit of $75. In 1983 the tax credits were increased to allow a tax benefit of 50 percent of the first $280. Alberta and Ontario allow a more generous maximum tax credit of $750 compared with the maximum $500 tax credit under federal and most provincial legislation.

In 1977 the Alberta legislature passed the *Election Finances and Contributions Disclosure Act* which introduced political contribution tax credits as the only source of public funding available for candidates and parties in the province. Separate but identical provisions for individual and corporate political contribution tax credits were enacted under the *Alberta Income Tax Act* and the *Alberta Corporate Income Tax Act* (now *Alberta Corporate Tax Act*, 1990). Individuals and corporations contributing money to registered parties, constituency associations and candidates are allowed to deduct the value of the tax credit from income tax otherwise payable. Under Alberta's system, the maximum tax credit is $750 on a contribution of $1 725. Individuals are able to carry forward deductions up to four years, but corporations are not accorded this privilege. As well, individuals and corporations are not permitted to create a loss by deducting the tax credit from tax otherwise payable.

Ontario passed the *Election Finances Reform Act* in 1975 and, inter alia, introduced a political contribution tax credit system by way of amendments to the *Income Tax Act*, the Ontario *Business Corporations Act* and the *Election Act*. Stemming from recommendations from the Camp Commission (Ontario, Commission on the Legislature 1974, 32), the Ontario system used a formula identical to the federal scheme for individual contributions, but corporations required to pay Ontario corporate tax were treated somewhat differently. Individual contributions to registered political parties, candidates and constituency associations were eligible for an income tax credit in the form of a deduction in tax otherwise payable up to a maximum of $500. Individuals who did not have tax payable were not eligible for a refund or allowed to carry forward the credit to other years. Contributions of up to $4 000 to registered political parties, candidates and constituency associations from corporations were deducted directly from income, and unused contributions were allowed to be carried over indefinitely to other years. At a tax rate of 15 percent, this resulted in a maximum tax deduction for corporations of $600 compared with $500 for individuals.

The tax-credit scheme remained unchanged until 1986 when the *Election Finances Act* was passed and the tax-credit provision amended to make the credit more generous. As table 6.8 indicates, the maximum tax credit under the Ontario system is $750, compared with $500 under the previous regime. Corporations are now allowed to deduct from taxable income up to $7 000. At a tax rate of 15 percent, this results in a maximum tax subsidy of $1 050. All or part of the deduction may be carried over indefinitely to subsequent years. The change to the tax-credit provisions took effect on 1 January 1986. The amendments were based on recommendations by the Commission on Election Finances to bring tax credit levels in line with inflation and were not meant as a major change in government policy or an initiative that would greatly affect the behaviour of contributors. In fact, the tax credit amendment was not initiated by the Treasury or considered a budget issue, but an "adjustment" that was part of the *Election Finances Act*.[5]

By comparing the two tax relief systems, it is evident that the federal tax credit system and the individual tax credit scheme in Ontario are slightly more beneficial than the income-deduction system afforded to corporate donors in Ontario (Pappin 1976). That is, individual donors in Ontario get slightly more relief from the tax credit than do corporate donors.

Two provinces, Ontario and Quebec, have made changes to their tax credit systems recently enough that further examination is warranted. In assessing the impact of these changes, it is important to note that the number and value of contributions to political candidates and parties tend to be cyclical. That is, contributions most often increase before an election, peak during election years and drop the following year. Tables 6.9 and 6.10 show the total contributions reported by the major parties in Ontario and Quebec and appendix B contains the

Table 6.9
Total contributions to largest political parties, Ontario (including constituency associations)
(1989 dollars)

Year	Progressive Conservative party	Liberal party	New Democratic Party	Total
1976	3 112 548	324 216	1 525 133	4 961 897
1977	5 077 747	1 320 420	1 286 133	7 684 300
1978	3 160 741	522 571	1 093 911	4 777 223
1979	4 689 055	1 322 839	2 459 675	8 471 569
1980	5 398 007	1 492 526	2 673 924	9 564 547
1981	11 193 039	5 532 527	3 077 693	19 803 259
1982	5 865 823	2 020 189	3 749 694	11 635 706
1983	6 493 560	1 843 613	3 429 910	11 767 103
1984	7 436 939	1 751 906	3 418 122	12 606 967
1985	12 073 976	5 650 532	4 081 842	21 806 350
1986	2 401 752	1 720 392	2 221 451	6 343 595
1987	4 257 670	7 107 915	2 972 116	14 337 701
1988	1 063 632	2 719 679	2 273 764	5 557 075
Total	72 226 599	32 829 325	34 263 368	139 319 292

Source: Adapted from Johnson (1991, table 1).

Table 6.10
Total contributions to largest political parties, Quebec
(1989 dollars)

Year	Liberal party	Parti québécois	Total
1976	n.a.	n.a.	n.a.
1977	n.a.	n.a.	n.a.
1978	3 584 658	3 859 828	7 444 486
1979	4 835 581	4 475 057	9 310 638
1980	4 049 489	6 109 832	10 159 321
1981	1 083 557	5 109 832	6 193 389
1982	1 359 120	2 698 202	4 057 322
1983	2 328 136	2 111 150	4 439 286
1984	4 267 895	2 109 218	6 377 113
1985	7 608 589	4 679 328	12 287 917
1986	7 467 304	953 902	8 421 206
1987	7 145 579	916 902	8 062 481
1988	7 602 821	1 286 414	8 889 235
Total	51 332 729	34 309 665	85 642 394

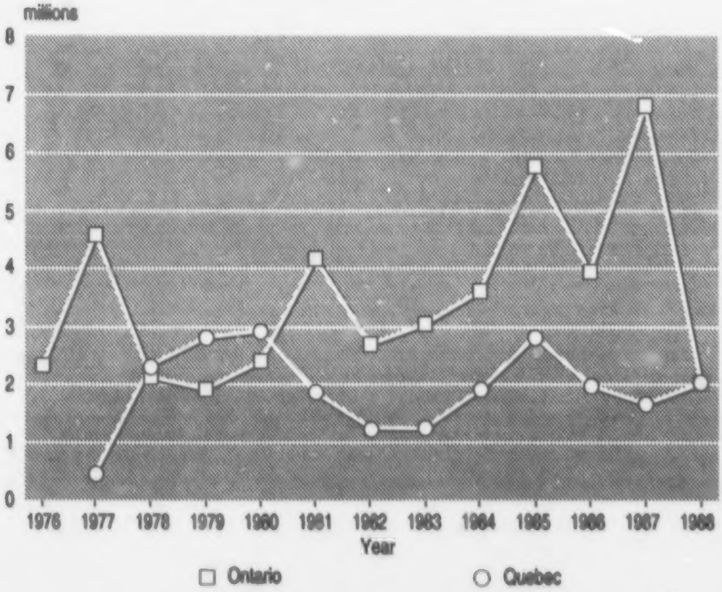
Source: Adapted from Massicotte (1991, table 1.9).
n.a. = not available.

number and cost of contributions claimed against the political contribution tax credit.

Given the cyclical nature of contributions, it is important that like years be compared (all figures in the following discussion are in 1989 dollars). In Ontario in 1986 – the first year the new scale was in effect – the actual number of claims was 41 140 compared with 36 270 in 1984 (the last pre-election year). The cost of tax credits claimed in 1986 was $3 938 700 compared with $3 606 299 in 1984. The contributions to the three major political parties in Ontario in 1986 totalled $6 343 595 compared with $12 608 967 in 1984. Looking at election years, the cost of tax credits claimed increased to $6 808 333 in 1987 from $5 767 688 in 1985, and the number of claims also increased to 65 130 in 1987 from 56 270 in 1985.[6] Total contributions decreased to $14 337 701 in 1987 from $21 806 350 in 1985. Although the number and cost of tax credits claimed rose somewhat following the change in the scale, and total contributions reported by the parties decreased, it is difficult to isolate the impact of this change from political developments (the presence of a minority government and an expectation after the 1985 election that another election might follow fairly shortly).

As mentioned above, Quebec's tax credit provisions were changed in 1983 to make the system more generous as well as to take inflation into account (see table 6.10). This change took effect on 21 December 1983.[7] Did this change in the tax credit formula have an effect on the number and cost of tax credits claimed? In 1984 the number of claims was 43 820 compared with 77 630 in 1979 (the year immediately preceding the previous election). The cost of tax credits claimed was $1 912 338 in 1984 compared with $2 818 230 in 1979. Total contributions to the two major political parties was $6 377 113 in 1984 compared with $9 310 638 in 1979. Looking at election years, the cost of contributions decreased slightly to $2 831 000 in 1985 from $2 929 732 in 1980, and the number of claims dropped significantly to 53 570 in 1985 from 90 360 in 1980. Total contributions increased slightly to $12 287 917 in 1985 from $10 159 321 in 1980. When examining these data, it is important to note that the numbers of electors contributing in 1979 and 1980 may reflect

Figure 6.1
Cost of political contribution tax credits claimed for individuals, Ontario and Quebec
(1989 dollars)



the political climate leading to the 1980 referendum. After 1980, the number and cost of contributions declined significantly but began rising in 1984 (along with support for the Quebec Liberal party). It is thus not possible to conclude that doubling the value of the Quebec tax credit had a significant effect on political contributions in that province.

Revenue Canada collects all provincial political contribution tax credits claimed by individuals and corporations, except in Alberta and Ontario. These provinces have made arrangements with the federal government allowing them to collect provincial political contribution tax credits made by corporate donors. Alberta publishes the total amount of donations made by corporations against the provincial political tax credit in an annual report, but Ontario does not.

By examining the total cost of political contribution tax credits claimed per elector per year, a number of interesting observations can be made (see table 6.11). Manitoba has the highest cost, $1.40 per elector per year, followed by British Columbia at $1.20. Both are substantially higher than Canada at $0.75. Ontario and Nova Scotia are slightly higher than Canada with costs of $0.89 and $0.87 respectively. It should

Table 6.11
Political contribution tax credits
(most recent election cycle, 1989 dollars)

Jurisdiction	Tax credits claimed	Cost of tax credit per elector per year
Canada	53 039 785	0.75
Alberta	1 393 351	0.47
British Columbia	6 378 209	1.20
Manitoba	2 045 906	1.40
New Brunswick	1 385 246	0.55
Newfoundland	0	0
Northwest Territories	37 126	0.42
Nova Scotia	2 179 832	0.87
Ontario*	10 747 033	0.89
Prince Edward Island	332 555	0.17
Quebec	5 691 355	0.30
Saskatchewan	0	0
Yukon	31 731	0.53

Source: Chief electoral officers and related officials.

*Ontario figures do not include corporate contributions.

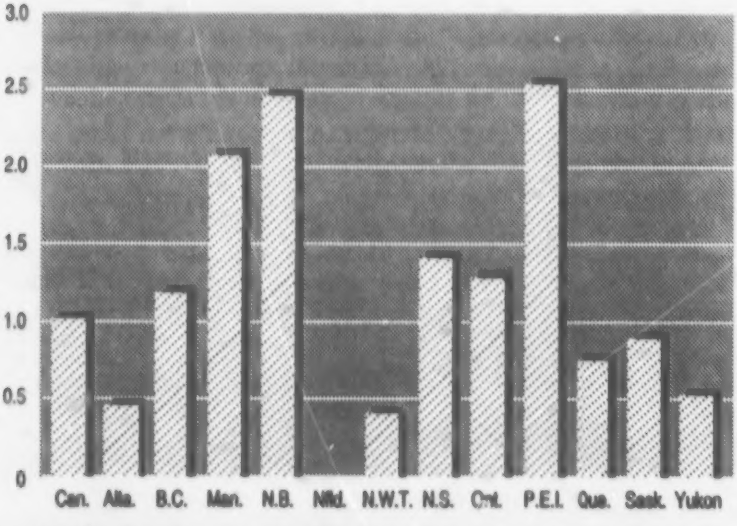
be noted that $0.89 for Ontario does not include tax credit information on corporate contributions; if these figures were included, the cost for Ontario would be slightly higher. New Brunswick ($0.55), Yukon ($0.53), Alberta ($0.47) and the Northwest Territories ($0.42) are slightly below Canada. Quebec's cost of $0.30 per elector per year may be partially explained by the statutory restriction that only individuals are allowed to contribute. Prince Edward Island has the lowest cost for tax credits at $0.17 per elector per year. A complete listing of data for federal and provincial political contribution tax credits can be found in appendix B.

TOTAL PUBLIC FUNDING

By combining all of the four forms of public funding, we are able to determine the full cost of public funding. As figure 6.2 and table 6.12 indicate, in terms of the total cost of public funding per elector per year, Canada ranks at about the median.

Prince Edward Island's combination of reimbursements to candidates, annual funding to political parties and political contribution tax credit is by far the most generous system of public funding of political

Figure 6.2
Total public funding per elector per year
(1989 dollars)



Note: Ontario figures do not include value of corporate tax credit; Alberta, British Columbia, the Northwest Territories and Yukon only have tax credit.

Table 6.12
Total public funding to political parties and candidates per elector per year
(1989 dollars)

Jurisdiction (election)	Total	Total cost per elector
Canada (1988)	72 662 758	1.03
Alberta (1989)	1 393 351	0.47
British Columbia (1986)	2 126 069	1.20
Manitoba (1988)	3 031 310	2.08
New Brunswick (1987)	6 195 949	2.47
Newfoundland (1989)	0	0
Northwest Territories (1987)	37 126	0.42
Nova Scotia (1988)	3 541 638	1.42
Ontario (1987)	10 747 033	1.29
Prince Edward Island (1989)	682 038	2.55
Quebec (1989)	14 125 769	0.76
Saskatchewan (1986)	2 406 893	0.90
Yukon (1989)	31 731	0.53

Source: Chief electoral officers and related officials.

parties and candidates, at $2.55 per elector per year. In second place is New Brunswick's system, with total public funding costing $2.47 per elector per year. Manitoba's system of public funding costs the government $2.08 per elector per year to maintain and Nova Scotia's costs $1.42. British Columbia's system[8] costs the public treasury $1.20 per elector per year, and Canada has the sixth most costly system at $1.03 per elector per year. Saskatchewan's public funding system costs $0.90 per elector per year, and Quebec's system costs $0.76 per elector per year. The tax credit system in Yukon is the only source of public funding and costs $0.53, followed by Alberta ($0.47) and the Northwest Territories ($0.42).

Why did Prince Edward Island choose a system of annual allowances to parties rather than party reimbursements? Why is it that Newfoundland has no public funding at all and that Saskatchewan does not have a tax credit scheme?[9] To delve deeply into understanding why particular jurisdictions have or have not developed particular systems of public funding and chosen specific policy instruments is beyond the scope of this study. But a number of generalizations can be made. First, election legislation and the presence or absence of public funding schemes is very much a reflection of the political culture of the jurisdiction. Second, it could be argued that most of the jurisdictions had the benefit of studying the federal and Quebec legislation when developing their respective regimes.

There is a mixed market of policy instruments, to be sure. Why governments pick one over another is very much a question of policy and politics. Indirect funding in the form of tax expenditures is less visible because the government is subsidizing an activity rather than making payments from public funds (Woodside 1983). Alternatively, direct public funding in the form of reimbursements to parties and candidates and annual funding is a more visible cost to the public treasury. Attitudinal survey data indicate that the public is not in favour of party and candidate reimbursements. When asked: "Do you think the government should reimburse all, some or none of the money spent by parties and candidates during an election campaign?", 64 percent of respondents said that the government should not reimburse any of the money. One half of the sample was asked: "Should people who give money to political parties get a tax-credit to reduce the income tax they pay?" The other half was asked: "Should people who give money to political parties get a tax-credit in the same way they are given a credit for donations to charity?" The results were evenly split: 47.2 percent of the first sample answered "yes" and 52.8 percent answered "no." The second sample yielded similar results: 46.5 percent answered "yes" and 53.5 percent answered "no." Those in favour of tax credits also favour reimbursements for parties and candidates, and those who are opposed to tax credits are strongly opposed to reimbursements for parties and candidates. Those respondents who are opposed to both reimbursements and tax credits strongly outnumber those who favour both by a ratio of three to two (Blais and Gidengil 1991).

Alberta, British Columbia, the Northwest Territories and Yukon provide only indirect funding to political parties and candidates through the use of the tax credit. During the most recent election cycle, Canada provided 73 percent of its funding to political parties and candidates directly through reimbursements to parties and candidates and 27 percent indirectly through the use of the tax credit. Ontario provided 69 percent of its public funding indirectly, Manitoba 67 percent and Nova Scotia 62 percent. New Brunswick provided 78 percent of public funding available to parties and candidates directly through candidate reimbursements and annual allowances, and Quebec provided 60 percent in a similar fashion. Public funding in Prince Edward Island was evenly split between direct (52 percent) and indirect (48 percent), and the government of Saskatchewan provided only direct funding to parties and candidates.

One form of indirect public funding not normally subject to examination is free broadcast time that is provided pursuant to federal regulations on radio and television. The estimated market value of free media time during the 1988 election cost $169 500 for radio and $6 144 997 for television, or $0.01 per elector and $0.37 per elector respectively (1989 dollars) (Michaud and Laferrière 1991).

Three of the four most generous systems of public funding are found in the Atlantic provinces, which have relatively small populations and are traditionally more dependent on government intervention and welfare-state policies. Conversely, Alberta has traditionally looked less favourably on government intervention. This may explain why tax credits are the only form of public funding in Alberta and why from the point of view of cost to the treasury, Alberta's regime is the second least expensive in Canada.

ADMINISTRATIVE COSTS OF ELECTIONS: ENUMERATION

This study also examines the costs of a particularly important part of democracy – running elections. For the purpose of this study, the cost of administering elections is divided into two parts: the cost of enumeration and the total cost of administering elections.[10]

All the jurisdictions in Canada conduct an enumeration – the systematic collection and listing of the names of persons qualified to vote. As table 6.13 indicates, there are great differences in what it cost the various jurisdictions to conduct an enumeration, but far fewer significant differences in what it cost the federal government to conduct the 1988 enumeration in each of the provinces. It is important to note that the figures in table 6.13 include the cost of enumeration revision and the printing of lists.

As is evident from table 6.13, the total cost of enumeration in British Columbia is markedly higher than in all the other jurisdictions – almost two and one-half times the federal cost and almost eight times the cost of Manitoba's system. British Columbia is the only province in Canada to use a permanent voters list at the provincial level, which makes comparison slightly difficult. To capture accurately the total cost to the public treasury, it was necessary to include the annual costs of maintaining the system – as well as the cost of enumeration required to update the listing. Some municipalities in British Columbia use (and in some cases update) the provincial list for municipal elections at a nominal cost. Enumeration in Yukon costs the public treasury $3.98 per elector and $2.82 per elector in Prince Edward Island. Alberta and Ontario coincidentally have identical costs of $2.25 per elector, followed closely by Newfoundland with a cost of $2.19 per elector. Canada ranks

Table 6.13
Total cost of enumeration, 1988 federal election, by province and provincial elections
(most recent election, 1989 dollars)

Jurisdiction (enumeration)	Cost of enumeration	Total cost per elector	Total cost of 1988 federal enumeration by province	Total cost per elector
Canada (1988)	36 017 244	2.04	—	—
Alberta (1988)	3 317 041	2.25	3 125 290	2.01
British Columbia (1985)	5 215 000	4.98	4 086 486	2.09
Manitoba (1988)	461 731	0.63	1 428 134	1.96
New Brunswick (1987)	574 731	1.15	1 025 726	2.02
Newfoundland (1989)	791 775	2.19	689 352	1.79
Northwest Territories (1987)	28 606	1.29	50 353	1.68
Nova Scotia (1988)	871 641	1.49	1 191 594	1.85
Ontario (1987)	13 636 328	2.25	13 012 777	2.06
Prince Edward Island (1989)	250 000	2.82	159 002	1.79
Quebec (1989)	9 433 461	2.02	9 926 452	2.09
Saskatchewan (1986)	689 869	1.03	1 290 260	1.91
Yukon (1989)	60 000	3.98	31 812	1.95

Source: Chief electoral officers and related officials.

sixth with a cost of $2.04 per elector. Quebec's system costs $2.02 per elector and Nova Scotia's $1.49. Surprisingly, enumeration in the Northwest Territories costs only $1.29 per elector. New Brunswick's system costs $1.15 per elector and Saskatchewan's $1.03 per elector. Manitoba, at a cost of $0.63 per elector is notably the least expensive system of the 13 jurisdictions.

TOTAL ELECTION ADMINISTRATIVE COSTS

What does electoral democracy cost? Each of the jurisdictions in Canada has annual and post-election reporting requirements, and figures for the cost of elections are available. Surprisingly, little work has been done with this information. The following analysis examines the total cost of election administration which includes expenses such as enumeration, operational costs, headquarters expenditures, printing of ballots, returning officers' fees and all other applicable expenses.

Total costs for each of the jurisdictions have been calculated by including all costs specific to administering the most recent election for which data are available. This figure was then divided by the number of registered electors eligible to vote in that election to produce a cost per elector. Table 6.14 shows the total election cost and the cost per elector in each of the jurisdictions. It is evident that considerable differences exist between the jurisdictions and that, not unlike the cost of enumeration, there is notably less variation between total provincial costs and the federal cost of administering the 1988 federal election in each province.

As table 6.14 indicates, the Northwest Territories ($21.51), Yukon ($14.60) and Prince Edward Island ($12.10) rank first, second and third respectively. British Columbia's markedly more expensive system of voter registration means it ranks fourth at a cost of $11.79 per elector, followed by Quebec ($8.79) and Nova Scotia ($8.53). Newfoundland's election in 1989 cost $6.95 per elector and New Brunswick's cost $6.36

Table 6.14
Total administrative cost, 1988 federal election, by province and provincial elections
(most recent election, 1989 dollars)

Jurisdiction (election)	Cost of election administration	Total cost per elector	Total cost of 1988 federal election administration by province	Total cost per elector
Canada (1988)	110 288 920	6.25	—	—
Alberta (1989)	6 907 112	4.69	9 545 115	6.14
British Columbia (1986)	20 867 215	11.79	12 280 318	6.29
Manitoba (1988)	2 681 102	3.65	4 477 896	6.14
New Brunswick (1987)	3 192 098	6.36	3 369 269	6.65
Newfoundland (1989)	2 514 200	6.95	2 363 663	6.15
Northwest Territories (1987)	478 002	21.51	289 229	9.62
Nova Scotia (1988)	5 316 172	8.53	3 389 269	5.92
Ontario (1987)	33 502 853	5.52	37 949 720	6.01
Prince Edward Island (1989)	1 080 000	12.10	588 793	6.62
Quebec (1989)	41 071 124	8.79	29 818 486	6.29
Saskatchewan (1986)	4 068 277	6.07	4 175 098	6.18
Yukon (1989)	220 410	14.60	135 135	8.28

Source: Chief electoral officers and related officials.

in 1987. The 1988 federal election cost $6.25 per elector, just below the median. The 1987 election in Ontario cost $5.52 per elector, and in 1989 Alberta's election cost $4.69 per elector. The total cost of administering the 1988 election in Manitoba was $3.65, by far the least expensive election administration in the country.

CONCLUSION

This study has documented the forms of public funding of the political and election process in Canada, the specific provisions, how much they cost and how they compare. Four important observations emerge. First, there is a great deal of variation in the levels of public funding provided. In each case the difference between the highest and lowest value is significant. Reimbursements to candidates in Saskatchewan are more than three and one-half times the cost of reimbursement to candidates in Ontario. Reimbursements to parties in Ontario are less than one-third the cost of reimbursements to parties in Saskatchewan. The cost of annual funding per elector per year in New Brunswick is six times higher than the cost of annual allowances in Quebec. The greatest discrepancy can be found in the ranking of political contribution tax credits. The cost of the tax credit in Manitoba is eight times higher than that of Prince Edward Island. When we calculate the total cost of public funding for candidates and parties per elector per year, Prince Edward Island ranks highest – six times the cost of the Northwest Territories and more than twice the cost for the federal level.

Second, there is also great variation in the choice of public funding systems. Seven provinces and the federal government reimburse candidates for election expenses, three provinces and the federal government have reimbursements for parties, three provinces have annual funding of political parties and only two provinces are without a political contribution tax credit. We now have a clearer understanding of what the systems are and how much they cost, but why governments choose particular policy instruments over others is less clear and in need of further research. Most can agree that the public funding of parties and candidates is desirable for many of the reasons mentioned previously, but the method or means by which the money is delivered is of significant importance.

Third, the system of public funding at the federal level is not more or less generous than in the provinces, but about average. That is, on a per elector basis some provinces provide more public funding to political parties and candidates, others provide less.

And fourth, public funding systems in Canada, with the exception of tax credits in 11 jurisdictions and annual funding in three, are aimed at election activity. It is evident that, to a large degree, governments have not broken out of the mould created by Quebec and the recommendations of the Barbeau Committee in the 1960s. The amount of public funding is based on the ability of the electoral machines of the parties and candidates to spend money and, in most cases, obtain a minimum threshold of votes. In the interelection period, parties can and do perform a number of important functions including political education, policy development and reconciliation of competing interests. Although public funding in other Western democracies is intended to provide incentives to political parties to engage in such activities, there is little recognition in Canadian public funding systems that parties have ongoing interelection activities or that these activities are worthy of public funds.[11]

The examination of the costs of election administration yields a number of similar observations. Not unlike the costs of public funding for candidates and parties, there is a great deal of discrepancy between the costs of administering elections. British Columbia is a good example of a jurisdiction with a very different system and a relatively high cost, whereas the costs of Manitoba's system of enumeration and election administration are the lowest in the country. Once again, Canada's costs are about average.

Before considering reforming the system of public funding for political parties and candidates at the federal level, it is necessary to have a clear understanding of how the current regime works, what it costs and how it compares with the practice in other jurisdictions. A lesson of this study is that public funding systems for parties and candidates in Canada vary greatly as to their rules and cost. Consideration of reform must not be restricted to whether government should give parties and candidates more or less money. Rather, the analysis should be expanded to include how money is allocated, for this reflects choices about which aspects of election and political activity are to benefit from public funding.

APPENDIX A

Table 6.A1
Number of electors and constituencies

Jurisdiction (election)	Number of electors	Number of constituencies
Canada (1988)	17 639 001	295
Alberta (1989)	1 550 903	83
British Columbia (1986)	1 769 996	69
Manitoba (1988)	681 236	57
New Brunswick (1987)	489 541	58
Newfoundland (1989)	361 913	52
Northwest Territories (1987)	22 222	24
Nova Scotia (1988)	623 586	52
Ontario (1987)	6 308 844	130
Prince Edward Island[a] (1989)	89 230	16
Quebec (1989)	4 666 658	125
Saskatchewan (1986)	669 716	64
Yukon (1989)	15 093	16

[a] PEI has two members per constituency.

APPENDIX B
FEDERAL AND PROVINCIAL POLITICAL CONTRIBUTION TAX CREDIT DATA

Table 6.B1
Federal political contribution tax credits

Year	No. of individuals	Tax credits	No. of corporations	Tax credits	Total tax credits
1974	19 580	1 273 000	n.a.	n.a.	1 273 000
1975	36 230	2 394 000	n.a.	n.a.	2 394 000
1976	48 310	2 800 000	n.a.	465 000	3 265 000
1977	48 030	3 114 000	n.a.	500 000	3 614 000
1978	64 550	3 973 000	n.a.	634 000	4 607 000
1979	92 350	6 111 000	n.a.	1 233 000	7 344 000
1980	95 550	6 378 000	n.a.	1 247 000	7 625 000
1981	77 110	4 910 000	n.a.	538 000	5 448 000
1982	85 940	6 268 000	3 507	567 000	6 835 000
1983	104 600	8 237 000	4 178	762 000	8 999 000
1984	151 310	13 588 000	7 561	1 595 000	15 183 000
1985	109 310	8 624 000	5 995	1 254 000	9 878 000
1986	117 570	9 934 000	3 979	836 000	10 770 000
1987	102 820	7 660 000	3 647	808 000	8 468 000
1988	184 410	17 515 000	5 471	1 333 000	18 848 000
1989	108 740	8 874 000	5 744	1 333 000	10 207 000
Total	1 446 410	111 653 000	40 082	13 105 000	125 118 000

Source: Statistical Services Division, Revenue Canada Taxation.

Note: Tables 6.B1–6.B11, individuals have been rounded to nearest 10, tax credits to nearest 1 000 real dollars.

n.a. = not available.

Table 6.B2
Provincial political contribution tax credits, Alberta

Year	No. of individuals	Tax credits	No. of corporations	Ta[illegible]	Total tax credits
1978	3 520	293 000	n.a.	43 000	336 000
1979	n.a.	465 000	n.a.	162 000	627 000
1980	n.a.	187 000	n.a.	77 000	264 000
1981	4 490	340 000	n.a.	50 000	390 000
1982	9 590	893 000	n.a.	0	893 000
1983	3 850	353 000	n.a.	173 000	526 000
1984	4 690	378 000	n.a.	94 000	472 000
1985	6 100	597 000	n.a.	113 000	710 000
1986	12 090	1 226 000	n.a.	204 000	1 430 000
1987	5 910	499 000	n.a.	146 000	645 000
1988	6 910	580 000	n.a.	129 000	709 000
Total	57 150	5 811 000	n.a.	1 191 000	7 002 000

Source: Statistical Services Division, Revenue Canada Taxation; corporate tax credit, Chief Electoral Officer, Alberta.

n.a. = not available.

Table 6.B3
Provincial political contribution tax credits, British Columbia

Year	No. of individuals	Tax credits	No. of corporations	Tax credits	Total tax credits
1980	n.a.	395 000	n.a.	n.a.	395 000
1981	14 120	730 000	n.a.	n.a.	730 000
1982	10 980	621 000	n.a.	77 000	698 000
1983	15 050	1 143 000	883	184 000	1 327 000
1984	19 040	1 163 000	565	104 000	1 267 000
1985	20 970	1 393 000	338	64 000	1 457 000
1986	36 140	2 706 000	n.a.	n.a.	2 706 000
1987	28 540	1 939 000	882	202 000	2 141 000
1988	25 380	1 817 000	457	96 000	1 913 000
Total	170 220	11 907 000	3 125	727 000	12 634 000

Source: Statistical Services Division, Revenue Canada Taxation.

n.a. = not available.

Table 6.B4
Provincial political contribution tax credits, Manitoba

Year	No. of individuals	Tax credits	No. of corporations	Tax credits	Total tax credits
1981	8 010	534 000	n.a.	n.a.	534 000
1982	3 300	220 000	n.a.	54 000	274 000
1983	5 680	355 000	269	49 000	404 000
1984	10 430	526 000	354	65 000	591 000
1985	9 980	606 000	376	81 000	687 000
1986	12 130	847 000	551	123 000	970 000
1987	8 380	604 000	303	67 000	671 000
1988	16 770	1 110 000	548	141 000	1 251 000
Total	74 670	4 802 000	2 401	580 000	5 382 000

Source: Statistical Services Division, Revenue Canada Taxation.

n.a. = not available.

Table 6.B5
Provincial political contribution tax credits, New Brunswick

Year	No. of individuals	Tax credits	No. of corporations	Tax credits	Total tax credits
1980	n.a.	40 000	n.a.	n.a.	40 000
1981	890	51 000	n.a.	n.a.	51 000
1982	2 100	191 000	n.a.	60 000	251 000
1983	830	56 000	243	65 000	121 000
1984	610	49 000	100	29 000	78 000
1985	2 330	172 000	195	43 000	215 000
1986	2 600	179 000	321	69 000	248 000
1987	4 620	381 000	618	164 000	545 000
1988	1 390	97 000	442	118 000	215 000
Total	15 370	1 216 000	1 919	548 000	1 764 000

Source: Statistical Services Division, Revenue Canada Taxation.

n.a. = not available.

Table 6.B6
Provincial political contribution tax credits, Nova Scotia

Year	No. of individuals	Tax credits	No. of corporations	Tax credits	Total tax credits
1981	3 740	305 000	n.a.	n.a.	305 000
1982	1 750	110 000	n.a.	72 000	182 000
1983	2 540	187 000	212	39 000	226 000
1984	4 430	391 000	496	111 000	502 000
1985	2 970	195 000	571	122 000	317 000
1986	4 150	338 000	267	55 000	393 000
1987	3 860	325 000	310	77 000	402 000
1988	7 030	714 000	624	159 000	873 000
Total	30 470	2 565 000	2 480	635 000	3 200 000

Source: Statistical Services Division, Revenue Canada Taxation.

n.a. = not available.

Table 6.B7
Provincial political contribution tax credits, Ontario

Year	No. of individuals	Tax credits	No. of corporations	Tax credits	Total tax credits
1976	21 850	972 000	n.a.	n.a.	972 000
1977	34 540	2 062 000	n.a.	n.a.	2 062 000
1978	20 630	1 048 000	n.a.	n.a.	1 048 000
1979	n.a.	1 029 000	n.a.	n.a.	1 029 000
1980	n.a.	1 420 000	n.a.	n.a.	1 420 000
1981	40 000	2 761 000	n.a.	n.a.	2 761 000
1982	31 190	1 981 000	n.a.	n.a.	1 981 000
1983	32 600	2 365 000	n.a.	n.a.	2 365 000
1984	36 270	2 923 000	n.a.	n.a.	2 923 000
1985	56 270	4 857 000	n.a.	n.a.	4 857 000
1986	41 140	3 455 000	n.a.	n.a.	3 455 000
1987	65 130	6 235 000	n.a.	n.a.	6 235 000
1988	40 260	3 257 000	n.a.	n.a.	3 257 000
Total	419 880	34 365 000	n.a.	n.a.	34 365 000

Source: Statistical Services Division, Revenue Canada Taxation.

n.a. = not available.

Table 6.B8

Provincial political contribution tax credits, Prince Edward Island

Year	Individuals number	Tax credits individuals dollars	Corporations number	Tax credits corporations dollars	Total dollars
1982	N/A	N/A	N/A	0	0
1983	N/A	N/A	N/A	0	0
1984	*	*	N/A	*	*
1985	590	55 000	35	8 000	63 000
1986	1 170	115 000	187	67 000	182 000
1987	1 520	119 000	171	37 000	156 000
1988	1 560	113 000	140	32 000	145 000
Total	4 840	402 000	533	144 000	546 000

Source: Statistical Services Division, Revenue Canada Taxation.

*Data supressed for confidentiality reasons.

N/A = not applicable.

Table 6.B9

Provincial political contribution tax credits, Quebec

Year	No. of individuals	Tax credits	No. of corporations	Tax credits	Total tax credits
1977	12 950	213 000	n.a.	n.a.	213 000
1978	51 930	1 149 000	n.a.	n.a.	1 149 000
1979	77 630	1 508 000	n.a.	n.a.	1 508 000
1980	90 360	1 727 000	n.a.	n.a.	1 727 000
1981	67 790	1 237 000	n.a.	n.a.	1 237 000
1982	50 550	923 000	n.a.	n.a.	923 000
1983	31 940	968 000	n.a.	n.a.	968 000
1984	43 820	1 550 000	n.a.	n.a.	1 550 000
1985	53 570	2 384 000	n.a.	n.a.	2 384 000
1986	37 020	1 749 000	n.a.	n.a.	1 749 000
1987	29 810	1 525 000	n.a.	n.a.	1 525 000
1988	44 540	1 936 000	n.a.	n.a.	1 936 000
Total	591 910	16 869 000	n.a.	n.a.	16 869 000

Source: Services statistiques, Revenu Québec.

n.a. = not available.

Table 6.B10
Provincial political contribution tax credits, Northwest Territories

Year	No. of individuals	Tax credits	No. of corporations	Tax credits	Total tax credits
1983	N/A	N/A	N/A	N/A	N/A
1984	N/A	N/A	N/A	N/A	N/A
1985	N/A	N/A	N/A	N/A	N/A
1986	N/A	N/A	N/A	N/A	N/A
1987	230	32 000	6	2 000	34 000
1988	60	7 000	8	2 000	9 000
Total	290	39 000	14	4 000	43 000

Source: Statistical Services Division, Revenue Canada Taxation.

N/A = not applicable.

Table 6.B11
Provincial political contribution tax credits, Yukon

Year	No. of individuals	Tax credits	No. of corporations	Tax credits	Total tax credits
1982	N/A	N/A	n.a.	1 000	1 000
1983	90	8 000	6	1 000	9 000
1984	90	7 000	*	*	7 000
1985	300	25 000	14	3 000	28 000
1986	140	8 000	17	3 000	11 000
1987	90	6 000	6	1 000	7 000
1988	150	11 000	*	*	11 000
Total	860	65 000	43	9 000	74 000

Source: Statistical Services Division, Revenue Canada Taxation.

*Data suppressed for confidentiality reasons.

n.a. = not available.

N/A = not applicable.

ABBREVIATIONS

am.	amended
c.	chapter
re-en.	re-enacted
R.S.A.	Revised Statutes of Alberta
R.S.C.	Revised Statutes of Canada
R.S.M.	Revised Statutes of Manitoba
R.S.N.B.	Revised Statutes of New Brunswick
R.S.O.	Revised Statutes of Ontario
R.S.P.E.I.	Revised Statutes of Prince Edward Island
R.S.S.	Revised Statutes of Saskatchewan
s(s).	section(s)
S.A.	Statutes of Alberta
S.C.	Statutes of Canada
S.M.	Statutes of Manitoba
S.N.B.	Statutes of New Brunswick
S.P.E.I.	Statutes of Prince Edward Island
S.O.	Statutes of Ontario
S.Q.	Statutes of Quebec
S.S.	Statutes of Saskatchewan
Supp.	Supplement

NOTES

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1. The most recent election cycle for which complete data are available for each of the other jurisdictions is as follows: Alberta, 1 Jan. 1987 to 31 Dec. 1989; British Columbia, 1 Jan. 1984 to 31 Dec. 1986; Manitoba, 1 Jan. 1987 to

31 Dec. 1988; New Brunswick, 1 Jan. 1983 to 31 Dec. 1987; Newfoundland, 1 Jan. 1986 to 31 Dec. 1989; Nova Scotia, 1 Jan. 1985 to 31 Dec. 1988; Ontario, 1 Jan. 1986 to 31 Dec. 1987; Prince Edward Island, 1 Jan. 1987 to 31 Dec. 1989; Quebec, 1 Jan. 1986 to 31 Dec. 1989; Saskatchewan, 1 Jan. 1983 to 31 Dec. 1986; Northwest Territories, 1 Jan. 1984 to 31 Dec. 1987; and Yukon, 1 Jan. 1986 to 31 Dec. 1989.

2. Corporate tax credit data for Alberta have been provided by the chief electoral officer of Alberta.
3. In the electoral divisions of Duplessis, Rouyn–Noranda–Témiscamingue, Saguenay and Ungava, the maximum is increased by $0.20 per elector and in the electoral district of Îles-de-la-Madeleine, the maximum is increased by $0.55 per elector.
4. There is also a provision allowing for an additional $5 000 of expenses in the northern ridings of Cochrane North, Rainy River, Kenora, Lake Nipigon, Algoma and Nickel Belt.
5. Interviews with Gordon Kushner, Executive Director, Ontario Election Finances Commission; Michael Truant of the Ontario Ministry of Revenue; and Harry Newton of the Ontario Ministry of Treasury and Economics, Tax Policy Section.
6. Interview with Stephan Thomas (NDP) as quoted in Stanbury (1991, chap. 9).
7. Interview, Denis Fontaine, Bureau du Directeur général des élections du Québec.
8. The maximum cost of British Columbia's system was calculated.
9. It has been suggested that the NDP government in Saskatchewan did not adopt its own tax credit scheme (at a time when other provinces were introducing such a measure) because the provincial NDP has traditionally used federal tax credits to help fund the provincial wing of the party. For a further discussion, see Stanbury (1991, chap. 6).
10. Some jurisdictions have part-time election offices or officials with duties other than those directly related to election administration. The following figures reflect the portion of part-time personnel and resources applied to the administration of elections (determined with the assistance of the chief electoral officers in the relevant jurisdictions).
11. For a further discussion of public funding schemes in western Europe, see Jenson 1991.

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7

INDEPENDENT CANDIDATES IN FEDERAL GENERAL ELECTIONS

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Eric Bertram

FAIRER ACCESS FOR INDEPENDENT CANDIDATES

IT WAS IN THE AFTERMATH of the Watergate scandal that the 1974 *Election Expenses Act* was passed to amend the *Canada Elections Act*, at a time when the integrity and legitimacy of politicians and political institutions in North America were under fire from the public. Measures were put in place to address the public perception of corruption in the electoral system and to enhance the public's faith in the integrity of the electoral system.

Almost 20 years later, the legitimacy of Canadian politicians and political institutions – including political parties – is being called into doubt once again. Citizens' faith in existing political parties is decreasing (Blais and Gidengil 1991), and citizens are turning to new political parties or special interest groups to represent their interests (Nevitte 1991). The demand for greater citizen participation in government is being strongly articulated. And, wielding the *Canadian Charter of Rights and Freedoms* as their weapon, citizens are becoming increasingly rights-conscious, making new demands on the government to respect those rights (Cairns 1990).

Given these changes, the time has come to re-examine the laws governing the process by which we elect our governors, to see if they correspond to new ideas about rights, about political parties and about citizen participation and democracy. In measuring these laws against such standards, it is important that the system be judged not only by its treatment of the candidates of the political parties that make the rules, but also by its treatment of those players within the system who do not make the rules but who are subject to them. The independent candidate is such a player.

This study argues that the *Canada Elections Act* fails to meet contemporary standards of rights and fairness when it comes to the independent candidate's exercise of the right to candidacy. It argues that recognizing the citizen's right to present him/herself as a candidate should involve two changes: first, providing easier access to the ballot, to ensure that restrictions on who may run for office are as minimal as possible; and second, making the distribution of the state's benefits to candidates fairer to ensure that one candidate is not given greater capacity than another to exercise the right to candidacy. It further argues that greater weight ought to be given to measures of electoral support in evaluating the seriousness of candidates in general, and in defining the degree of the system's openness and the nature of its fairness. Accordingly, it presents options for reform that aim at openness, fairness and an enhanced role for the electorate in regulating the electoral system.

Some observers will disagree with the recommendations and the justification offered for them. The members of Parliament who were the original framers of the present electoral system believed in the importance of the three largest political parties in Canadian politics and consequently distributed benefits in the system almost exclusively to them. Today, the same belief and self-interest have led to concern among representatives of large national parties about the prospect of fragmentation of political choice and a desire to maintain their parties' hegemony. At the same time, many Canadians also hold legitimate concerns that, in the stampede toward recognizing rights, other important societal values will be trampled. Others are concerned about the cost to the taxpayer of fairness-oriented reforms. This study attempts to address these concerns, by taking account of potential problems in implementing its recommendations and by discussing criticisms of the reasoning behind these recommendations.

Legal Definition of an Independent Candidate

For the purposes of this study, "independent" candidates are those candidates who are not endorsed by one of the officially registered parties. In the *Canada Elections Act,* and on the ballot, a distinction is drawn between *independent* candidates and *non-affiliated* candidates. *Independent* candidates are identified as such on the ballot, while *non-affiliated* candidates have no identifying label next to their names. Candidates for registered political parties have their parties' names on the ballot next to their own. Many of the independent candidates who opt for non-affiliated status do so because they represent some association or unregistered party. In the 1988 federal election, 54 candidates took the title "independent," while 100 chose to take no identifying label.[1] Since these two groups share a number of characteristics and concerns arising from the fact that neither is associated with any registered political party, this study combines them into one group called "independent" candidates.

The Right to Be a Candidate

One of the fundamental liberal democratic freedoms is the right to present oneself as a candidate for elected office. This right is based on the principle that not only should citizens be able to choose who governs them, they should also be able to offer themselves to be among those chosen to govern. The right to run for office should be contingent upon the approval of the voters: a would-be candidate ought to be nominated by a number of fellow-citizens. However, in a modern democracy, restrictions are often placed on a citizen wishing to exercise this right.

A citizen's right to candidacy is guaranteed in the *Canadian Charter of Rights and Freedoms*. Section 3 of the Charter states that "every citizen of Canada has the right to vote in an election of members of the House of Commons or of a legislative assembly *and to be qualified for membership therein*" (emphasis added). Limitations on this right, according to section 1, may only include "such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society." Details of the limitation of this right are found in the *Canada Elections Act*. At present, the Act prohibits several categories of people from presenting themselves as candidates. These include people in positions of public responsibility requiring impartiality, such as judges and civil servants; election administration officials such as the chief electoral officer, the assistant chief electoral officer and returning officers; and citizens deemed categorically incapable of fulfilling the functions of a member of Parliament, including prisoners and persons "restrained of [their] liberty of movement or deprived of the management of [their] property by reason of mental disease." Along with government contractors and those found guilty of election offences in the past, these are the only explicit limitations on the Canadian citizen's right to be a candidate contained in the *Canada Elections Act*. However, consideration needs to be given to whether the legislation as amended by the 1974 *Election Expenses Act* and other amendments thereafter contains other – perhaps less explicit – limitations on the citizen's right to candidacy.

But in addition to describing where the right to candidacy ends, it is important to recognize what this right entails. Principles of fairness demand not only that citizens be allowed to run for office, but that their exercise of that right not be impeded in any way. This means that the law should not provide special benefits for one candidate and not for another, nor present obstacles to one candidate and not to another. Just as freedom of speech implies freedom of the press, so the right to candidacy implies the right to the means necessary to exercise that right fully.

In the *Canadian Charter of Rights and Freedoms,* the right to candidacy, as we have seen, arises out of the right to vote, and not out of the right to free speech, although all three rights are closely related. This understanding of the origin of the right is, interestingly, similar to the understanding that has emerged from American jurisprudence on this matter. It is an interpretation that recognizes that while it is true that the free expression and discussion of ideas are essential elements of the election campaign, the ballot should not be merely a soapbox from which anyone who wants to can have a say. The main purpose of election campaigns is to elect a government. Candidacy confers benefits and legitimacy on the candidate, but only in order that the candidate might express ideas on behalf of other citizens and so give them the opportunity to cast their votes in a way they consider meaningful. The right to free speech is conferred by citizenship; but the right to candidacy must be earned with the trust of others.

Parties and Candidates in Election Finance Law

One of the most significant aspects of the *Canada Elections Act* of 1970 and the *Election Expenses Act* of 1974 was the recognition of the important role played by political parties in Canadian elections. Previously, Canadian election legislation had focused almost exclusively on the role of candidates. The new legislation recognized more fully the role played by parties, which had, in practice, become responsible for everything from candidate selection, to policy formulation, to fund-raising, to fostering citizen political participation.

The legislation that governs the financing of election campaigns in Canada came about as a result of many factors. The increasing cost of elections convinced the Liberal government in 1964 to commission the Barbeau Committee (Canada, Committee 1966) to study possibilities for a new election finance regime. By 1972, pressure on the minority Liberal government from the NDP and the fear of widespread public distrust of government in the wake of the Watergate scandal in the United States led the Canadian government to join the ranks of Western nations that had adopted meaningful election finance regulatory legislation. The 1970 *Canada Elections Act* and the 1974 *Election Expenses Act*, drawing on the Barbeau Committee's recommendations, aimed at achieving the goals of party and candidate accountability, increased public participation and restoration of public faith in the integrity of the electoral system. A concern for fairness was manifested in the legislation in measures aimed at establishing equality of opportunity for candidates.

To ensure accountability, both parties and individual candidates are required to register official agents responsible for disclosure of contributions, parties' ongoing expenses and party and candidate election expenses.[2] Under the 1974 Act, parties' applications for registration had to include a list of 50 members' names and be filed 30 days before the drop of the writ. With Bill C-5, a 1977 amendment, party registration became more difficult. Parties are now required to obtain the names, addresses, occupations and signatures of 100 electors who are party members (Canada, *Canada Elections Act*, s. 24(1)(*h*) [formerly s. 13(1)]). In order to be registered for the following election, this must be done at least 60 days before the writ. As in the original Act, the party has until 30 days before polling day to nominate 50 candidates; but under C-5, parties are not registered until the nomination requirement is fulfilled (ibid., s. 24(3) [formerly s. 13(3)]). Parties thus registered are eligible to have their names appear on ballots next to their candidates' names and to receive public funding. In order for a candidate to be nominated, he or she must submit the names and signatures of 25 people eligible to be electors and a nomination fee of $200 by Monday, the 28th day before polling day (ibid., s. 81 [formerly s. 23]). Candidates have until four months after polling day to submit their returns of election expenses (ibid., s. 228 [formerly s. 63]).

To encourage public participation, the Act permits both registered parties and candidates to issue tax receipts authorizing contributors to claim tax credits.[3] The tax credit was designed to encourage small donations. Since Bill C-5, political parties have been required to wait until they have nominated 50 candidates before issuing tax receipts. This change was made, according to former Chief Electoral Officer Jean-Marc Hamel, to "provide better protection against those who may try to take undue advantage of the tax provisions" (Seidle 1980, 209). Formerly, party registration took effect as soon as the election was called. Newly registered parties could have used the tax credit during the writ period, although they would have lost the right to do so if they later failed to meet the 50-candidate criterion. Once registered, parties can issue tax receipts for donations at any time, while candidates are restricted to using the tax credit only during the campaign.

In an effort to establish a level playing field for parties and candidates, spending limits were set for both. Regulations governing the allocation of free and paid broadcast advertising time were introduced for national political parties, but free time was notably absent at the candidate level. And provision was made for the partial reimbursement of campaign expenses to both parties and candidates who fulfilled certain criteria. Originally, candidates winning 15 percent of the vote received the cost of mailing one letter first class to each constituent, plus 8 cents for each of the first 25 000 constituents, plus 6 cents for each constituent over 25 000. Parties were reimbursed for half their broadcast advertising costs. However, the reimbursement rules were amended by Bill C-169 in 1983. Candidates are now reimbursed for 50 percent of their election expenses if they win 15 percent of the popular vote. Party reimbursement provisions also changed: parties now receive 22.5 percent of their election expenses if they spend at least 10 percent of their spending limit.

PROFILES OF INDEPENDENT CANDIDATES

Elections are more than just the mechanism by which we choose governments; they are events that focus the attention and energies of the citizens on national politics and the issues of the day as at no other time. The benefits citizens draw from elections are many and varied, extending far beyond the election of an MP, or even the government, to enrichment of their political awareness and ability to carry out their duties as citizens in a democracy. And just as voters derive a number of different benefits from contemporary Canadian elections, candidates have a number of different reasons for running and different measures of success. This is certainly true of independent candidates.

The independent candidate description covers many different people running for different reasons. They range from construction workers to university professors, from cab drivers to engineers. But amid this diversity, independent candidates can be usefully divided into categories according to their status vis-à-vis political parties, or in other words, the degree to which they are "independent." For the purposes of analysis, this study divides independent candidates into three categories: true independents, ex-party independents and unregistered party independents.

True Independents

These are at the same time the most diverse group and the group most likely to fit the voters' image of independent candidates. They include candidates described as frivolous, those running on a single issue and those who feel the parties or their candidates are failing to provide something the electorate needs. Candidates in this category are characterized by the absence of any political party affiliation. In general, they reject political parties as inadequate to represent the voters' interest and offer themselves as a solution to the problem. The following sketches illustrate the diversity of candidates within this category.

John C. Turmel was an independent candidate in the riding of Ottawa Centre during the 1988 election. He placed sixth out of ten candidates, in a race that featured two other independents. In this, he is like many other true independent candidates. What sets him apart is that he claims to have run in 30 elections in the past 10 years. He has run in races across the country for all three levels of government.

Mr. Turmel's experience stands in stark contrast to that of David Weale, who ran as an independent in his Prince Edward Island riding of Hillsborough. His constituency's MP, and the candidate favoured to win in 1988, was cabinet minister Tom McMillan. Mr. McMillan was a strong advocate of the proposed fixed link between PEI and the mainland. Mr. Weale opposed the link and decided to run because he believed his side of the argument was not being strongly articulated. His campaign attracted media attention, financial contributions and 569 votes. Mr. McMillan lost the election by 259 votes. Mr. Weale believes he gave an option to opponents of the fixed link who might otherwise have voted for Mr. McMillan, and affected the outcome of the election: "I thought it was a great thing that a person could not only get involved, but make a difference" (Interview, David Weale, 1990).[4]

Final examples of the true independent candidate are the Karpes brothers – Michael and Howard. These young men – one 19, the other 22 – ran as independents in adjoining British Columbia ridings in 1988. They said they were dissatisfied with the party candidates in their ridings and wanted to give voters another choice, and they wanted to encourage young people to become politically active. Although the two received only 340 combined votes, they believed they had achieved their goals (Interview, Kari-Lyn Karpes, 1990).

Ex-party Independents

The second category of independent candidates – ex-party independents – includes those who have recently been, but are no longer, closely associated with a registered political party. This obviously implies two subcategories, since there are two ways to leave a party: voluntarily and involuntarily. Some of the candidates in this category were drummed out by their parties and followed by a small band of supporters, while some walked out and took support with them.

Ern Condon falls into the former subcategory. He ran as an independent in 1988 after having run for the NDP in 1984. In the wake of a policy dispute centring around the abortion issue, the NDP association in Mr. Condon's home riding of Labrador chose Evelyn Riggs to be their candidate in 1988. Mr. Condon felt so strongly about his views and his ability to represent the interests of the citizens of his constituency that he chose to run as an independent. He took with him a core of campaign workers, but relatively few voters. Among ex-party independents, this pattern of rejection by the party is common – in 1988, it accounted for all but one of the candidates.

Less common are instances of candidates leaving a party voluntarily. An example is Robert Toupin, an independent candidate in 1988 in the riding of Terrebonne in Quebec. He had been elected as the Progressive Conservative MP for the riding in 1984. However, by May 1986 M. Toupin decided to leave the PC caucus, citing ideological differences. In December of the same year, he crossed the floor to sit with the NDP. But in late October 1987, he left the NDP as well, again citing ideological differences. His bid for the seat as an independent in 1988 attracted significant support, but not enough to reelect him.

Unregistered Party Independents

The third and final category of independent candidates to be employed in this study is that of unregistered party independents. This includes all independent candidates who represent political parties that for one reason or another fail to meet the requirements for registration. Candidates registered as representing such parties are automatically categorized as "non-affiliated," according to the law (Canada, *Canada Elections Act*, s. 100(2)). The parties sponsoring these candidates cover the full political spectrum, from far right to far left – including the Marxist-Leninist party – and range from the familiar to the obscure – including the Student Party.

INDEPENDENT CANDIDATES' RECORD

Participation

During the last election, independent and non-affiliated candidates made up the fourth-largest category of candidates, after the three largest national parties, numbering 154. One out of every ten candidates was an independent in 1988. In 1984, the independent category, with 84 candidates, was the fifth largest after the Rhinoceros Party (Canada, Elections Canada 1984c, 1988b).

Table 7.1
Independent candidates as members of non-registered parties

Province	Total number independent candidates	Marxist-Leninist party	Western Independence party	Western Canada Concept	Other parties
Ontario	45	11	–	–	–
Quebec	42	28	–	–	–
Nova Scotia	4	1	–	–	–
New Brunswick	3	1	–	–	–
Manitoba	14	6	4	–	–
British Columbia	23	7	1	3	2
Prince Edward Island	1	–	–	–	–
Saskatchewan	1	1	–	–	–
Alberta	17	4	8	–	–
Newfoundland	1	–	–	–	–
Yukon Territory	0	–	–	–	–
Northwest Territories	3	–	–	–	–
Canada (total)	154	59	13	3	2

Source: Telephone interviews with candidates and returning officers.

The proportion of independent candidates in each of the three categories varies from election to election. In 1988, by far the most significant group was that of unregistered party independents. In that election, at least half of the independent candidates represented unregistered political parties. As table 7.1 shows, one such party, the Marxist-Leninist Party of Canada, had 59 candidates across the country. Thirteen independent candidates were representatives of the Western Independence party, three were members of the Western Canada Concept and one represented the Student Party. Together, candidates for these parties made up over half the independents in Quebec and two-thirds of the independents in the West. Most of the remainder were true independents.

Electoral Success

It should not come as a surprise to those who follow elections in Canada that the story of independent candidate participation is not a classic success story. Only one member of Parliament in the last decade has taken a seat after having run a successful campaign as an independent candidate: Tony Roman, in 1984. The independent candidate's success rate has been low since Confederation. In 16 of the 34 elections since 1867, from one to five independent candidates were elected, for a total of 51 successful independent candidates. However, for the last four federal elections the tally sheet of seats won does not tell the whole story.

According to other measures of electoral success, independent candidates do not generally fare well. Voter support for independent candidates ranges from Mr. Roman's impressive 32 200 votes, or 36.48% of the valid vote in York North, to the rather less impressive 20 votes, or 0.04% of the valid vote, received by M.T. Gaetan Feuille D'Érable Wall in Vancouver Quadra in the same election. In the 1988 election, only 20 independent candidates received more than 1% of the popular vote, and only two received more than 5% (see table 7.2). In 1988, all 154 independent candidates together received 0.36% of the vote, while in 1984 they fared marginally better, garnering 0.48% of the vote. In both elections, this put independent candidates as a group ahead of about half of the minor parties running.[5]

As with most other aspects of Canadian politics, the pattern of independent candidates' participation and success is not uniform across the country; neither is it uniform over time. Table 7.3 shows there are few trends to be discerned over the past four elections in support for independent candidates or in the proportion of candidates represented by independent candidates. Support is consistently high in the Northwest Territories, where the political culture assigns more legitimacy to independent candidates. In fact, parties are not recognized in territorial elections, so all candidates are "independent." Elsewhere in the country, however, support for independent candidates waxes and wanes unpredictably. These inconsistencies are not surprising given the diversity of ideological positions and personalities among independent candidates.

However, a definite pattern of support is revealed by the kind of independent candidates receiving the most votes. In the 1988 election, some of the most successful independent candidates, both in terms of votes received and financial support, were those belonging to the ex-party independent category. The former Progressive Conservative member for Terrebonne, Robert Toupin, with 15.5 percent of the popular vote, was the most successful independent candidate in 1988, as well as the biggest spender. The second most successful independent candidate in the 1988 election, and the second biggest spender, was John Gamble in Markham. Mr. Gamble had been a Progressive Conservative MP for York North since 1979, before being unseated by Tony Roman in 1984, also an ex-party independent candidate.

Table 7.2
Twenty most successful independent candidates,1988 election

Candidate name	% of vote	Constituency	Province
Robert Toupin	15.51	Terrebonne	Quebec
John Gamble	5.27	Markham	Ontario
Suzanne Blais-Grenier	4.55	Rosemont	Quebec
Richard Inukpak Lee	3.96	Nunatsiaq	NWT
André Turcôt	3.44	Châteauguay	Quebec
Eudore Allard	3.19	Rimouski–Témiscouata	Quebec
David Weale	2.79	Hillsborough	PEI
Cece McCauley	2.59	Western Arctic	NWT
Antonio Yanakis	2.47	Berthier–Montcalm	Quebec
Em Condon	2.15	Labrador	Newfoundland
Bernadette Michael	1.43	Don Valley North	Ontario
Jean Bédard	1.33	Montmorency–Orléans	Quebec
Ernie Lennie	1.32	Western Arctic	NWT
Glen Kealey	1.20	Hull–Aylmer	Quebec
Ross Baker	1.11	Hastings–Frontenac ...	Ontario
Terry Drul	1.10	Dauphin–Swan River	Manitoba
Larry Heather	1.08	Calgary Southwest	Alberta
Jean-François Desroches	1.05	Joliette	Quebec
Frank Auf der Maur	1.01	St-Henri–Westmount	Quebec
Anne McBride	1.01	Scarborough–Agincourt	Ontario

Source: Canada, Elections Canada (1988a).

Suzanne Blais-Grenier was another Progressive Conservative MP who ran as an independent in 1988 after her resignation from Cabinet cost her the party nomination. Her performance – 4.55 percent of the vote – put her in third place among independents. Antonio Yanakis was the Liberal member for Berthier–Montcalm for almost 20 years, from 1965 to 1984, but ran as an independent in 1988 when someone else won the Liberal nomination. And Eudore Allard, Social Credit MP for Rimouski from 1972 to 1980, was also a relatively successful independent candidate in 1988, as was Em Condon. Six of the ten most successful independent candidates in 1988, then, were ex-party independents with histories as candidates for registered political parties.

Table 7.3
Independent candidates: frequency and success
(as a percentage of candidates; percentage of votes received)

	Percentage of all candidates				Percentage of popular vote			
Province	1979	1980	1984	1988	1979	1980	1984	1988
Ontario	6.1	6.1	7.1	8.7	0.11	0.09	0.92	0.24
Quebec	2.5	7.5	3.5	10.9	0.82	0.37	0.11	0.74
Nova Scotia	12.2	14.0	5.4	8.7	0.38	0.36	0.11	0.14
New Brunswick	3.2	17.4	8.6	7.0	0.08	0.54	0.32	0.15
Manitoba	5.1	3.3	8.6	16.3	0.09	0.13	0.40	0.41
British Columbia	8.1	6.8	8.7	10.2	0.32	0.29	0.16	0.16
Prince Edward Island	0	7.1	13.0	7.1	0.10	0.27	0.54	0.75
Saskatchewan	6.8	0.3	3.1	1.8	0.15	8.80	0.14	0.03
Alberta	5.5	8.1	4.0	25.4	1.31	0.77	0.73	0.22
Newfoundland	0	8.0	4.3	4.3	0	0.28	0.08	0.11
Yukon Territory	0	0	0	0	0	0	0	0
Northwest Territories	14.3	0	14.3	33.3	0.02	0	3.40	3.93
Canada (total)	4.9	9.8	5.8	9.8	0.46	0.28	0.48	0.36

Source: Canada, Elections Canada (1979b, 1980b, 1984b, 1988a).

Campaign Finance

The failure of most independent candidates to win electoral support is mirrored by an inability among most to raise and spend significant amounts of money during the campaign. Only 27 independent candidates received more than $2 000 in contributions for their campaigns during the 1988 federal general election, and only four of these received over $10 000. Out of the top ten fund-raisers, six were true independents, three were ex-party independents and only one was an unregistered party independent. On average, independent candidates spent 8 percent of their total spending limit, well below the amount spent by candidates for the major parties, and below the average of 42 percent. In fact, only 24 out of 154 independent candidates spent more than 5 percent of their campaign spending limit, with only 5 spending over 30 percent of their limit (see table 7.4).

Table 7.4
Independent candidates' finances: candidates either receiving >$2 000 or spending 5% of limit

Candidate	Donations ($)	% of limit
Ontario		
Ross Baker	2 083	—
Albert Papazian	6 030	33.2
John Gamble	21 886	39.1
Adel Di Palma	13 600	30.4
Michael Hahn	5 495	7.5
Wally Pearson	2 200	6.4
Ronald Clifford	—	9.6
Bernadette Michael	3 241	7.2
Anne McBride	—	9.0
Quebec		
Antonio Yanakis	9 400	14.3
André Turcôt	2 979	66.8
Glen Kealey	4 918	9.7
Eudore Allard	2 500	—
Robert Toupin	25 188	81.5
Léo Larocque	4 800	11.0
Suzanne Blais-Grenier	3 130	18.9
Frank Auf der Maur	8 855	20.9
Manitoba		
Terry Drul	4 539	8.9
British Columbia		
Blair Longley	2 191	—
Prince Edward Island		
David Weale	11 164	29.9
Alberta		
Larry Heather	7 063	13.4
Bernie Sawatsky	2 401	—
Fred Marshall	5 215	13.1
Edward Goodliffe	2 245	—
R.W. Thompson	3 232	5.6
Valerie Morrow	3 900	6.1
Newfoundland		
Ern Condon	3 890	8.2
Northwest Territories		
Richard Inukpak Lee	7 700	15.4
Cece McCauley	6 694	9.8

Source: Canada, Elections Canada (1988b).

The top ten spenders included six true independents and four ex-party independents. Only one independent candidate spent more than

80 percent of the spending limit – ex-party independent Robert Toupin – the average proportion spent by those placing second or better in the 1988 election. Further, 36 independent candidates – almost a quarter of the total number of independents – reported neither receiving any contributions nor incurring any election expenses during the 1988 campaign. Most of these were unregistered party independents.

Reimbursement

Independent candidates' limited electoral success has meant that very few have been reimbursed for campaign expenses since the introduction of candidate reimbursements in 1974. In the past four federal elections, only four independent candidates have achieved the required 15 percent of the vote necessary to qualify. All four were ex-party candidates. The cases of John Gamble (1984) and Robert Toupin (1988) were described in the section on candidates' profiles. The other two both ran in 1979: Réné Matte of Champlain was a thrice-elected Social Credit MP until the 1979 election; Stanley Stanford Schumacher was also thrice elected to the House of Commons under the Progressive Conservative banner. No independent candidates of the other two categories have qualified for reimbursement since 1974.

REFORM OPTIONS FOR FAIRER LEGISLATION

Reducing the Costs Imposed by Independent Candidates

One of the most common descriptions of independent candidates is that they are frivolous. Many interveners before the Commission, including a number of returning officers, subscribed to this view. As well as decrying such characteristics as irresponsible behaviour during the campaign, critics pointed to the high cost such candidates impose on the Canadian taxpayer. Those holding such views advocate electoral laws that include measures to eliminate "frivolous" candidates, leaving only "serious" candidates.

This section examines the cost independent candidates present to taxpayers and the problems they present to election officials. The cost to the public treasury of independent candidate participation is made up of two different elements: the cost of candidate reimbursement and the administrative cost. Calculating the former is straightforward. The cost of reimbursing the four independent candidates who have qualified in federal elections since the *Election Expenses Act* amended the *Canada Elections Act* was $74 382 – only 0.18 percent of the $41 946 841 spent since 1979 on reimbursement of all eligible candidates. In 1988, the total cost of reimbursing all qualifying independent candidates was $22 070 (see table 7.5). The amounts reimbursed to independent candidates in provincial elections were also small, as table 7.6 shows (see also table 7.7).

Table 7.5
Reimbursement of independent candidates, federal elections

Year	Candidates	Reimbursement ($)
1979	2	25 972
1980	0	0
1984	1	26 340
1988	1	22 070

Source: Canada, Elections Canada (1979c, 1980c, 1984c, 1988b).

Table 7.6
Independent candidates reimbursed, federal and provincial elections

	Latest election	Candidates reimbursed	Amount reimbursed ($)
Canada	1988	1	22 070.00
Ontario	1990	0	0
Quebec	1989	0	0
Nova Scotia	1988	2	13 308.50
New Brunswick	1987	0	0
Manitoba	1990	0	0
British Columbia	N/A	N/A	N/A
Prince Edward Island	1989	0	0
Saskatchewan	1986	0	0
Alberta	N/A	N/A	N/A
Newfoundland	N/A	N/A	N/A
Yukon Territory	N/A	N/A	N/A
Northwest Territories	N/A	N/A	N/A

Source: Compiled from reports of the chief electoral officers for provinces and years listed.

N/A = not applicable. These provinces and territories have no reimbursement provisions.

The administrative cost of each individual independent candidate is rather more difficult to quantify accurately (Interview, Frederick Slattery, 1990). Some inputs – such as the number of work hours required for a returning officer (RO) to deal with an extra candidate or for Elections Canada to pursue candidates who are late in submitting returns – are not generally recorded. Some expenses, such as providing candidates with information packages, are incurred regardless of the number of candidates. Still other expenses – such as the printing cost involved in accommodating more than four names on the ballot and the cost of various photocopies and telephone calls – vary from riding to riding, with factors such as variations in the sizes of ridings.

What does cost more is the preparation of 10 voters lists for every candidate. These must be printed and made available whether they are used by the candidate or not. According to Elections Canada officials

Table 7.7
Candidate reimbursement provisions and thresholds

	%	Formula
Canada	15	up to 50% of expenses up to 50% of limit
British Columbia	N/A	none
Alberta	N/A	none
Saskatchewan	15	50% of expenses up to 50% of limit
Manitoba	10	50% of expenses up to 50% of limit
Ontario	15	the lesser of 20% of limit or amount spent (+$5 000 in northern ridings)
Quebec	20*	50% of expenses up to 50% of limit
Nova Scotia	15	expenses not more than 25 cents/voter (indexed to CPI)
New Brunswick	15	all expenses up to sum of 35 cents/elector plus 1 first-class letter per elector
Prince Edward Island	15	32 cents / voter; not less than $750, not more than $1 500
Newfoundland	N/A	none
Yukon Territories	N/A	none
Northwest Territories	N/A	none

Source: Formulae for reimbursement extrapolated from relevant statutes by the author.

*In addition, candidates qualify for reimbursement if they were: elected, elected at the last election, or stood for a party whose candidate came first or second in the electoral district at the last election.

N/A = not applicable.

and ROs, a voters list will often be 400 pages long. The cost of 10 copies, at 5 cents a page, would be $200. In addition, Elections Canada gives ROs an extra $253 honorarium for every candidate in a riding after the fourth (Canada, Elections Canada 1990b, 4). Assuming that they apply to every independent candidate, the costs of these two items for all independent candidates would be $69 762. The total identifiable public cost of independent candidate participation for the 1988 election, then, came to $91 832. Virtually all the returning officers interviewed for this study, and even some of the candidates, noted that independent candidates tended to participate little in the campaign. In some cases, the returning officer was faced with the problem of storing unclaimed material and attempting to contact the candidate to ensure compliance with election legislation.

The most serious and common problem associated with independent candidates is their failure to submit election expense returns and auditors' reports by the deadline. This costs many work hours, dollars and headaches, first for ROs and later for Elections Canada officials and their lawyers. While tardy submission of paperwork is not a phenomenon restricted to independents, Elections Canada's Frederick (Bud) Slattery says it is most prevalent in this category. He estimates that 70 percent of tardy filers of returns are independent candidates. In fact, for the 1988 election, one independent in ten either filed his or her report after the deadline, or failed to file a report at all. When party candidates are slow, they can generally be tracked down through the party with little problem. Late independents, on the other hand, often drop few breadcrumbs and are difficult to trace (Interview, Frederick Slattery, 1990).

To overcome problems that independent candidates may have in keeping their books – thereby improving their performance in submitting returns – the Elections Canada spokesperson suggested that an alternative form could be used for candidates who spend or collect only a small amount of money. This would be simpler to fill out, but would still provide Elections Canada with the necessary information (Interview, Frederick Slattery, 1990). This idea has much to recommend it, since, as Carty points out, even among the political parties, the capacity of official agents to handle the complex and demanding job of running a campaign varies considerably (Carty 1991). Carty suggests that measures might also be taken to make the quality of these agents more uniform.

These measures would help to eliminate one of the chief problems presented to election officials by independent candidates' participation in election campaigns and help compensate for the lack of organizational support behind independent candidates. However, former

Chief Electoral Officer Jean-Marc Hamel emphasizes that the administrative cost of independent candidates is "peanuts" compared with the total administrative cost of elections. One thing that is certain is that the $200 deposit – $30 800 from all independent candidates in 1988 – is not sufficient to cover these costs. Whatever the total cost of all of these items, it is important to recognize that it is part of the cost of maintaining an open, competitive electoral system.

Letting the Public Decide

The issue of "frivolousness vs seriousness" is not as straightforward as some critics of independent candidates suggest. Measures of seriousness recommended by some tend to seem less appropriate after close examination. For instance, it may not be entirely fair to suggest that to be "serious" and worthwhile as a candidate, one's purpose in running must be to win the campaign. It is not uncommon to find party candidates running in election campaigns largely to help their party achieve registered status or to carry the party banner. Yet one rarely hears these candidates being called "frivolous."

The mere act of running for office can have many positive outcomes, aside from the possibility of giving the constituency an MP and the country a government. And the argument that candidates' seriousness or frivolousness can be measured by their ability to raise and spend money is certainly problematic. Wealth does not necessarily lead to public support, nor public support to wealth. And it is certainly not unreasonable to think that a candidate might have worthwhile ideas, even though those ideas have failed to attract immense financial support.

Unless the seriousness of candidates is defined solely according to their will to win or to spend money, it is clear that not all independents are frivolous. Neither is frivolousness a characteristic restricted to independent candidates. In every election, the Rhinoceros Party runs a full slate of frivolous candidates, with no intention of winning and often without much financial support. The electoral system recognizes the role of such actors, just as it recognizes the primary role played by parties and candidates intent on winning.

But a measure of seriousness that ought to be given more credence in the present law is that of popular support. If candidates have the support of large numbers of people nominating them, and even greater numbers of people voting for them, can they be reasonably said to be frivolous, regardless of the unorthodoxy of their ideas and behaviour? There is no time where democratic approval is a more apt measure of the worth of a person or idea than at an election. A system that lets the people decide who the government will be must surely allow them to decide which candidates are serious and which are not.

In the following sections, this study discusses openness and fairness. It recommends reforms that move away from money-based tests of candidates' seriousness, inherited from the nineteenth century, and endorses a concept of seriousness and legitimacy conferred on candidates by the citizens themselves through democratic means.

Adjusting the Candidate's Nomination Deposit

The adoption of the *Canadian Charter of Rights and Freedoms* underscored the fact that the recognition that citizens have certain rights has become a central element of our understanding of fairness. So, when looking at the right to candidacy, access to the system and the opportunity to exercise that right are crucial. When discussing the openness of the electoral system to independent candidates or any other candidates, consideration of the candidate deposit is essential. During the Commission's hearings, significant interest was expressed in the prospect of increasing candidates' nomination deposit. The $200 fee has not been increased since it was introduced in the nineteenth century, and inflation has largely decreased the extent to which it represents an obstacle to those wishing to run. Suggestions for an appropriate fee ranged from $500 to $2 000.[6] Such an increase would discriminate against candidates with limited incomes or limited fund-raising ability.

A variation on the fee increase suggestion well worth considering is the introduction of higher nomination fees that would be entirely refundable upon remittance to Elections Canada of the necessary returns. This measure, endorsed by various Elections Canada officials and proposed in Bill C-79, would address the problem of independent candidate delinquency in providing returns to Elections Canada. It would provide a sizable incentive to candidates not to force election officials to waste time and money trying to track down late returns.

If this proposal is considered, however, moderation in setting the size of the fee would be advisable. Regardless of the prospects for its return, $1 000 or $2 000 is still a sizable outlay for many low-income Canadians. And low-income Canadians, like all Canadians, have a Charter right to stand as candidates in federal elections. It would also discriminate against candidates with limited fund-raising abilities. The argument that any candidate with any significant public support ought to be able to afford such an outlay is a weak one. For independent candidates who do not count the wealthy among their supporters, giving up $2 000 until after the campaign means denying themselves a significant portion of their funds. Reform efforts in this area must balance these concerns of accountability and accessibility.

On the other hand, there are those who argue that the nomination fee as it stands is already too high, and favour its reduction or elimination. Others argue that lowering or eliminating the nomination fee would have few foreseeable results except to open the door to all sorts of frivolous candidates, who would then have nothing to lose by running for office. But this need not be the case. In Quebec, for example, when nomination fees were eliminated, the number of candidates actually decreased in the next election. The $200 fee probably does not present much of a barrier to independent candidates; but neither does it provide much incentive for responsible behaviour. Given the incentive for prompt adherence to disclosure requirements provided by a refundable reasonable deposit, this option is probably preferable to any other.

But the concern about the appropriateness of the candidate deposit goes beyond its size; it reflects a belief that the main criterion in deciding whether a candidate should be allowed to run should be democratic support, not ability to pay. Just as a high, nonrefundable nomination fee is inconsistent with contemporary ideas of fairness, a requirement that only 25 signatures be collected in order for a candidate's nomination to stand is unreasonable in a constituency with tens of thousands of eligible voters. As stated in the discussion of ballot access and free speech, the ballot should not be used as a soapbox by any and every citizen with a gripe. Candidates in our democratic tradition must be nominated by their fellow-citizens; that is, they must demonstrate some significant degree of popular support before they are allowed to present themselves in general elections. A candidate's role, like that of a member of Parliament, is to speak on behalf of others. This should be reflected in the nomination regulations. Increasing the number of signatures required to register from 25 to 200 or more would be much more effective in discouraging "frivolous" candidates than a monetary deposit ever could be. Combined with a moderate refundable deposit, a requirement for a greater number of nominating signatures would both encourage financial accountability and discourage the irresponsible exercise of the right to candidacy.

Here, a brief discussion of the American experience is instructive. Each of the American states has legislated some form of ballot access controls for congressional and presidential elections. Usually first put in place during "red scares" between the mid-1920s and mid-1940s to prevent the election of socialist parties, these controls tend to be quite stringent for independent and minor party candidates, and quite lax for candidates of the major parties. The criteria used vary from state to state and include loyalty oaths, bans on political parties considered subversive and early filing deadlines. For purposes of comparison, though, it is more important to look at the requirement to submit filing fees or collect signatures on a petition. Filing fees are required in five states and can range in the thousands of dollars – a far cry from their Canadian cousins. Petitions are required in every state but Mississippi, with the number required usually based on a percentage of electors or voters and ranging up to the tens or even hundreds of thousands.

There are two important lessons to be drawn from American ballot access regulation history; one of these should serve as an inspiration, the other should serve as a warning. The first lesson is that the American Supreme Court, in *Bullock v. Carter* (1972) and *Lubin v. Panish* (1974), ruled that the imposition of candidate filing fees of any size, without redress to alternative means of nomination for poorer candidates, is unconstitutional. At the same time, both jurists and legislators in the United States have overwhelmingly embraced the idea that the most legitimate ballot access control is that of demonstration of public support through petition. This leads to the second, more cautionary lesson: that the petition requirement can be as arbitrary and restrictive as any other control. The Court has tended to reject challenges to state laws whose petition requirements heavily burdened the right to vote and the right to free assembly. This, and the exclusionary nature of the laws themselves, has led to the virtual disappearance of third parties and independents from federal ballots and federal elected offices (Smith 1991, 171). In Canada, then, care ought to be taken that, if the petition is used as a ballot access control, openness is not sacrificed.

Reforming the Party Registration Process

Barriers to access faced by independent candidates are found not only in the candidate nomination procedure, but also in the party registration process. The problem here lies in the provision permitting only registered parties' names on the ballot next to their candidates' names. In a country where party affiliation is often a determinant of voter preference over candidate identification, a party name on a ballot may tell the voters all they need to know.[7] In the case of truly independent candidates, this can be reasonably said to be but part of the price of choosing to run exclusively on their own ideas, instead of joining a political association with others of the same ilk. But for unregistered party independent candidates – candidates whose party has failed to be registered – the absence of their party's name on a ballot where the parties of others are listed is a real source of frustration. Fred Marshall, leader of the Western Independence party (WIP), argued that while his party was fairly well known in the West, many supporters would not have been able to recognize the names of WIP candidates on the ballot (Interview, Fred Marshall, 1990). And doubtless the same held true for the 59 candidates who ran on behalf of the Marxist-Leninist party.

One way to improve the lot of a great many unregistered party independent candidates would be to register the parties they represent. Given the substantial number of independent candidates who are in fact members of unregistered political parties, any change to the party registration requirements that facilitates registration would have a significant effect.[8] A reform that improved accessibility to the benefits of party registration would allow unregistered party independents – the third category of independent candidates – to be identified as the party candidates they in fact are. This could be accomplished in a number of ways.

One option is to reduce the number of candidates required to qualify for registration. This would certainly benefit many smaller parties, allowing them to run fewer candidates and focus their resources on key candidates. However, in order for this to have had a significant effect on the number of independent candidates in 1988, the number would have had to have been reduced to fewer than 12, a level so low that it would call into question the purpose of having any requirement at all. A reduction in the number of candidates required would probably also encourage regional parties, a result which some would not find desirable.

Another option is removing the minimum candidate requirement altogether, and replacing it with a requirement to collect the signatures of a large number of eligible voters in support of the party's application. Such a system is in place in Ontario, where parties can register by collecting 10 000 signatures. This would ensure that the party had a meaningful degree of support among the electorate and a reasonable degree of organization, enabling it to orchestrate the collection of signatures. It would also relieve fledgling parties of the burden of laying out at least $10 000 in candidate nomination fees in order to register. Concerns might be raised that this would open the door to allowing all sorts of regional and special interest groups to take advantage of registered party privileges such as free broadcast advertising, the ability to issue tax receipts and eligibility for party reimbursement. However, such a system would confer legitimacy according to popular support (insofar as it can be measured by petition), not the financial capacity to nominate candidates. And if a minor party enjoys a sufficient level of popular support, it would be entitled to benefits commensurate with that level of support, just as the registered parties are.

Any change in the party registration requirements is bound to greatly affect the regional parties, the Bloc québécois (BQ) in particular.

In its first federal by-election, the Bloc québécois candidate had to run as an independent, since his party was not registered. According to BQ member François Gérin, this made little difference in terms of name recognition, but he added that in future elections, the party name on the ballot would be crucial to success. His party plans to apply for registration for the next election and believes it should have no problem fulfilling the 50-candidate requirement. His party, he says, would fare equally well under a signature-based system. He noted that any new provision in party registration requirements designed to ensure that parties have support in more than one region would be "completely unacceptable" to the Bloc québécois (Interview, François Gérin, 1990).

However, the reform of party registration requirements need not be an all-or-nothing affair. At present, party registration involves two stages: a party is tentatively registered after submitting 100 signatures and accompanying documents, and becomes fully registered after the nomination of 50 candidates once an election has been called. The fairness of this process could be enhanced by making it easier for parties to get their names on the ballot at either the first or second stage. One option would be to allow candidates for all parties who meet the criteria for the first stage of registration to have their parties' names on the ballots, whether or not that party fields 50 candidates. However, in order to meet concerns that frivolous parties or interest groups might take advantage of this provision, checks relying on public sanction could be put in place. The number of signatures needed to reach the first stage of registration could be greatly increased, as outlined earlier. All parties reaching the first stage would then get their names on the ballot. This option could be made more stringent by requiring parties to meet a modified threshold at the second stage. For example, a party running 50 candidates would qualify for full party benefits, while one fielding at least, say, 10 would be allowed to put its name on the ballot. Any party not willing or able to adhere to these new, less stringent requirements would of course still be able to instruct its candidates to run as independents.

Fairer Distribution of Benefits to Party Candidates

Greater fairness in the distribution of benefits to candidates by the state would ensure that all candidates' capacity to exercise their right to candidacy was the same, and that candidates need not fear impediments to success created by inequitable treatment. There is no question that party candidates enjoy benefits that independent candidates do not. These advantages fall into three distinct categories: benefits and advantages enjoyed by party candidates that do not arise from party finance legislation; benefits resulting from or related to this law that could be left in place; and benefits resulting from or related to the law that ought to be changed. The chief concern of this section is this third category: disparities in the status of independent and party candidates that emerge from party finance legislation and should be changed in order to improve the capacity of all candidates to exercise their right to candidacy more fully. But before discussing these changes, a description and discussion of the benefits in the first two categories is in order.

The greatest benefit enjoyed by party candidates over independent candidates is party name recognition. The most important factor in Canadian voting patterns in recent elections has been the candidate's political party. By virtue of having the party name next to their own, candidates win voters they have never seen and will never meet. This is a benefit that does not and should not apply to independent candidates – except in the case of minor party independent candidates, as noted above – since in rejecting the policies and structures of the parties, independent candidates also give up such benefits accruing to party candidates. Canadian political parties are also huge pools of support and resources for their candidates. Before and during the election, the party infrastructure can provide, among other things, training, highly specialized "volunteer" advisers and accounting and clerical assistance to their candidates' campaigns. Here again, though, these services offered by the parties do not result directly from the party finance law, and can be reasonably said to be a fair benefit for party candidates.

The second category – benefits enjoyed by party candidates and not independent candidates as a result of the law, but which could be left in place – is mainly defined by the benefits given to candidates by parties as a result of benefits to parties in the elections finance law. Independent candidates do not generally have access to the kind of resources party candidates do for articulating their ideas. For example, during the election campaign, candidates of the largest parties are often spared the necessity of purchasing much expensive broadcast advertising time, because their parties are given, and allowed to buy, a significant amount. In 1988, for instance, the Progressive Conservative (PC) party was awarded 101 minutes of free television time, the Liberals 46 and the New Democratic Party 35. In addition, the PCs spent $3 995 180 on paid television and radio advertising, the Liberals $2 407 921 and the NDP $2 972 314 (Canada, Elections Canada 1988b, 2-1). The benefits derived from this by party candidates are completely denied to independents.[9]

A more graphic instance of the advantage to candidates of party affiliation is the transfer of money from the national party to local candidates' campaigns – which is not counted as an official election expense for the national party (Canada, *Canada Elections Act*, s. 40(1) [formerly s. 13.2(1.1)]). In the last election, PC candidates reported receiving a total of $1 039 581, NDP candidates $1 575 725 and Liberals $1 681 488 from their central party organizations (Canada, Elections Canada 1988b, 1-1 to 1-3). Unregistered parties can do the same for their candidates (though, without the ability to issue tax receipts, their ability to finance such transfers is necessarily restricted), but other independent candidates are left entirely to their own devices. The registered party candidates' advantage is further augmented by the provision for reimbursement of registered parties.

To help compensate for party candidates' advantage over independent candidates in the field of broadcast advertising during the election campaign, several interveners before the Commission – including the Green Party and the Reform Party – suggested allowing free or subsidized advertising by candidates on the parliamentary cable channel or community cable channels.[10] This would ensure that all candidates had some opportunity to reach television viewers with their campaigns, thereby going a long way toward establishing fairness among candidates. However, providing the free time to produce over 1 400 television commercials would be immensely costly and difficult. And the logistics of accommodating all of the candidates in a centre like Toronto – where in 1988 there were 23 ridings and 142 candidates – would be nightmarish (Interview, Denis Rheaume, 1990). In short, there is little that can be done to compensate independent candidates for their disadvantage in the field of television advertising.

This leaves only the third category of advantages party candidates have over independent candidates: those which arise from the law and which, in the author's view, require reform. It in turn raises two issues: the status of the candidate's post-election surplus of funds and the candidate's eligibility for reimbursement. The former refers to a problem specific to independent candidates, while the latter is a problem affecting most candidates outside the three largest parties, including independent candidates.

After paying their campaign expenses and debts, with or without the help of reimbursement, independent candidates alone are required to return any surplus funds to the Receiver General. All other candidates' surpluses may be paid to "any local organization or association of members of the party in the electoral district of the candidate, or to the registered agent of the party" (Canada, *Canada Elections Act*, s. 232).

This money can be used to help fight the next election campaign. In addressing this issue, Bill C-79 suggested that the surpluses of independent candidates should be kept in trust, in the event that the candidate should choose to run in either of the next two general elections, or in any by-election during that time. Adopting this reform would cost little, but it would go a long way toward establishing fairness for independent candidates within the electoral system and allowing all citizens to exercise more fully their right to candidacy.

An alternative option would involve the establishment of a "local association" – not unlike those of the parties – for independent candidates. Under this option, independent candidates would be allowed to register constituency organizations that would look after their campaign finances between elections. Such a body would be required to disclose information on revenue and expenditures to Elections Canada. It could also be given the capacity to issue tax credit receipts for donations. Independent local associations could be permitted for all independent candidates, or – given the infrequency with which independent candidates run for office more than once – could be restricted either to those who are elected to the House of Commons or to those who attain a particular portion of the popular vote. At present, both Quebec and New Brunswick allow independent candidates to register local associations, while Alberta allows independent members of the Legislative Assembly to do so.

But a more important issue of fairness is the reimbursement threshold. Many interveners before the Commission, notably representatives of the smaller parties, argued that the 15 percent reimbursement threshold is arbitrary and discriminates against candidates outside the three largest parties. As it stands, the reimbursement threshold sends a clear message to smaller parties and independent candidates – and to their supporters – that their participation in the electoral system is not as highly valued as that of the larger parties, if their level of support, though significant, does not reach 15 percent. More importantly, it denies these candidates the public financial support given to most candidates of the three largest parties, making their exercise of their right to candidacy more difficult.

Reforming the Reimbursement of Candidates

Suggestions for reforming the reimbursement method and threshold are many and varied. Rather than trying to cover all possibilities, the following section considers three basic types of reform to the reimbursement threshold, all of them raised during the Commission hearings: changing the level of the threshold, changing the way the threshold is calculated and replacing the threshold system outright. All three have in common the assumption that the state ought to reimburse candidates for their contribution to the democratic process and that this ought to be done directly, rather than through the intermediary of a political party. And all three share a common goal: making reimbursement moneys available on a basis that is fairer to all candidates.

Changing the Reimbursement Threshold

Using 1984 and 1988 election results, tables 7.8 and 7.9 help to illustrate the implications of lowering the reimbursement threshold while leaving all other aspects of the reimbursement regime unchanged. The options of lowering the threshold to 12.5 percent or to zero can be dismissed from the outset: the former makes little difference and the latter allows for the reimbursement of candidates enjoying literally no democratic legitimacy. These tables show that the threshold would have had to have been lowered to 5 percent to make any difference in the number of independent candidates reimbursed. Even then, the total

Table 7.8
Projected effects of lowering the reimbursement threshold: 1988 election

Party	15%	12.5%	10%	5%	0%
PC	293	295	295	295	295
Liberal	264	275	287	294	294
NDP	170	209	245	292	295
CHP	—	—	—	11	63
CRWP	—	—	3	7	52
Commonwealth	—	—	—	—	61
Communist	—	—	—	—	52
Green	—	—	—	—	68
Libertarian	—	—	—	1	88
Reform	11	18	25	39	72
Rhinoceros	—	—	—	1	74
Social Credit	—	—	—	—	9
Independent	1	1	1	2	154
Total candidates	739	798	856	942	1 577
Total reimbursements	$13 734 568	$14 318 727	$14 892 985	$15 744 471	$17 132 278

Source: Compiled from Elections Canada data.

number reimbursed in both elections would only have increased from two candidates to five. And at the 5 percent threshold, the amount reimbursed to independent candidates in the last two elections would have increased by less than $20 000, from $48 410 to a total of $67 282. (Even if the threshold were reduced to zero, the cost of reimbursing the independent candidates over the last two elections would have been $267 631.) The cost of accommodating independent candidates alone, then, is hardly a factor in deciding whether to lower the reimbursement threshold.

The more significant question here relates to the cost of reimbursing the other candidates benefiting from the changed system. Lowering the threshold to 10 percent would increase the number of candidates reimbursed by more than 100 in both the 1984 and 1988 elections. The cost of reimbursement for each election would have increased by about 8 percent, from $11 170 724 to $12 064 851 in 1984, and from $13 734 568 to $14 892 985 in 1988. Lowering the threshold to 5 percent – the level at which independents might have noticed some difference – would

Table 7.9
Projected effects of lowering the reimbursement threshold: 1984 election

Party	15%	12.5%	10%	5%	0%
PC	282	282	282	282	282
Liberal	238	258	270	282	282
NDP	140	185	215	258	282
CRWP	3	3	3	8	55
Commonwealth	—	—	—	—	65
Communist	—	—	—	—	52
Green	—	—	—	—	60
Libertarian	—	—	—	—	72
Rhinoceros	—	—	1	7	89
Social Credit	—	—	—	—	51
PNQ	—	—	1	3	75
Independent	1	1	1	3	84
Total candidates	664	729	773	843	1 449
Total reimbursements	$11 170 724	$11 703 919	$12 064 851	$12 639 061	$12 817 384

Source: Compiled from Elections Canada data.

have increased the cost of reimbursement by 13.3 percent in 1984 and 14.6 percent in 1988 – a total of $12 639 061 in 1984 and $15 744 471 in 1988. It is true that, at this level, virtually no independent candidates would benefit from reimbursement; but at least the goal of fairness would be brought within reach.

Another example of this model for reform maintains the familiar features of the popular vote reimbursement threshold and the expense-based refund, but introduces greater flexibility. One such model was articulated by Michael Krashinsky of the University of Toronto. As illustrated in table 7.10, it posits a sliding scale of reimbursement. Candidates with 15 percent or more of the popular vote would receive a 50 percent reimbursement. The rest would be reimbursed 5 percent less for every percentage point less than 15 percent of the popular vote won. This system leads to a real threshold of 5 percent, since those receiving less than 5 percent receive no reimbursement. Although this would cost more and reimburse more major party candidates, the increase in the number of candidates reimbursed would have been only 203 in 1988, leaving 40 percent of candidates with no reimbursement.

Table 7.10
Michael Krashinsky's proposed sliding reimbursement scale

% of valid votes	% of limit reimbursed
15	50
14	45
13	40
12	35
11	30
10	25
9	20
8	15
7	10
6	5
5	0

Source: Based on M. Krashinsky's presentation before the Royal Commission's symposium on election and party financing at the constituency level held in Winnipeg, 26 November 1990.

Changing the Threshold Calculation

The second alternative for reform of the present reimbursement system involves changing the way the reimbursement threshold is calculated. One way this could be accomplished is by reimbursing all candidates of a party that achieves a given percentage of the popular vote *nationally*. In theory, this ought to strengthen the party system while still increasing the fairness for candidates. In fact, though, of all the suggestions listed here, this falls shortest of the goal of fairness among candidates, serving instead to favour the largest parties to an even greater degree than the present system.

As tables 7.11 and 7.12 demonstrate, the threshold would have to be as low as 0.5 percent if the benefits of reimbursement were to be extended at all to the smaller parties, and even then this extension would encompass only two parties. Coincidentally, this is the level West Germany

Table 7.11
Reimbursement according to party performance: 1988 election

Party	Present	5%	2%	1%	0.5%
PC	293	295	295	295	295
Liberal	264	294	294	294	294
NDP	170	295	295	295	295
CHP	–	–	–	–	63
CRWP	–	–	–	–	–
Commonwealth	–	–	–	–	–
Communist	–	–	–	–	–
Green	–	–	–	–	–
Libertarian	–	–	–	–	–
Reform	11	–	72	72	72
Rhinoceros	–	–	–	–	–
Social Credit	–	–	–	–	–
Independent	1	–	–	–	–
Total candidates	739	884	956	956	1 019
Total reimbursements	$13 734 568	$15 209 808	$15 736 504	$15 736 504	$16 207 545

Source: Compiled from Elections Canada data.

established as the threshold for its party reimbursement system. This threshold may seem drastically low. However, in attempting to increase the degree of fairness among participants in the electoral process, it must be recognized that most smaller parties rarely gain more than 0.5 percent of the national vote. New parties often must start small; the question is whether they should receive some funding to give them the organizational ability they need to articulate their positions more credibly, as the larger parties do now. These qualifications aside, the virtue of this option remains its recognition of parties' achievement in winning popular support nationally, regardless of the number of seats it wins. If such a party-based reform were implemented, though, to encourage fairness among candidates, a constituency-based popular vote threshold would have to be put in place to accommodate independent candidates and candidates whose parties fared poorly nationally.

Table 7.12
Reimbursement according to party performance: 1984 election

Party	Present	5%	2%	1%	0.5%
PC	282	282	282	282	282
Liberal	238	282	282	282	282
NDP	140	282	282	282	282
CRWP	3	–	–	–	–
Commonwealth	–	–	–	–	65
Communist	–	–	–	–	–
Green	–	–	–	–	–
Libertarian	–	–	–	–	–
Rhinoceros	–	–	–	–	89
Social Credit	–	–	–	–	–
PNQ	–	–	–	–	75
Independent	1	–	–	–	–
Total candidates	664	846	846	846	1 075
Total reimbursements	$11 170 724	$12 326 018	$12 326 018	$12 326 018	$12 449 122

Source: Compiled from Elections Canada data.

Replacing the Threshold System

The third option for reform of the reimbursement provisions is conceptually quite different from the first two. In the model proposed by Vincent Lemieux of Université Laval, a fixed reimbursement fund would be established for each constituency, according to the number of voters. Candidates would be reimbursed a percentage of this fund equal to the percentage of the popular vote they won. One inherent advantage of this type of reimbursement is that cost control becomes quite simple – a cap on the total amount to be spent on reimbursement can be set at the outset of the election. Such a system recognizes that there is something fundamentally undemocratic about a system of public funding of elections whereby the amount candidates receive depends not on the number of votes they get, but on how much they spend, and where votes for candidates of one party are valued more highly than those for candidates of another party.

The Lemieux model is not without some major difficulties, however. Although a system in which parties are reimbursed according to the number of votes they receive fits well with an interpretation of fairness that values democratic legitimacy, rewarding vote-getting should have its limits. It must be kept in mind that this is a formula for reimbursing candidates: paying them back some of the money they spent, recognizing the high cost of running for office and encouraging participation. The purpose of the reimbursement is not to replace private funding of candidates, nor should it provide undue compensation merely on the basis of low expenditure and high electoral success. For these reasons, it seems important to set some upper limit on the amount of money a candidate may receive from the state in reimbursement.

The following model addresses this concern. In it, a per-constituency reimbursement envelope would be set according to population and geographic considerations. For the purposes of this study, this amount will be assumed to be equivalent to the average amount reimbursed per constituency in the 1988 election: $46 560.09. Unlike the Lemieux model, candidates would be reimbursed the *lesser* of a proportion of the reimbursement envelope equivalent to their share of the popular vote, or 50 percent of their election expenses. Superimposing such a system onto the 1988 election gives interesting results (see table 7.13). The total cost of candidate reimbursement would be *reduced* by over $1.4 million, from $13 734 568 to $12 303 163. By definition, all candidates would be reimbursed under this system except the 194 candidates who had no election expenses in 1988. This would increase the total number of candidates reimbursed by 645.

Table 7.13
Reimbursement according to candidates' popular vote: 1988 election
(dollars)

Party	Present	Proposed
PC	6 055 597	5 336 929
Liberal	4 655 526	4 037 972
NDP	2 839 253	2 646 344
CHP	–	101 713
CRWP	–	39 467
Commonwealth	–	855
Communist	–	6 164
Green	–	11 853
Libertarian	–	10 824
Reform	162 122	69 123
Rhinoceros	–	7 126
Social Credit	–	125
Independent	22 070	34 668
Total reimbursements	13 734 568	12 303 163
N	*(739)*	*(1 578)*

Source: Compiled from Elections Canada data.
N = total candidates reimbursed.

This proposed system certainly meets the fairness criterion – candidates have an equal opportunity to be reimbursed, according to the will of the voters in their constituencies. The fact that the system lends itself easily to the imposition of a ceiling on its cost, and in virtually every case would cost less than the maximum allocated, gives it an air of responsible management which makes it that much more attractive. Its more democratic nature should also have public appeal.

Three-fourths of the money that would have been paid out in 1988 under this system would have gone to the three largest parties. However, it remains true that all three parties would have received somewhat less money than they did in 1988. The NDP would have seen the smallest reduction in its reimbursement revenue – from $2 839 253 to $2 646 344. The Conservatives would have seen the greatest reduction in revenue, dropping from $6 055 597 to $5 336 929, while the Liberals would have experienced a slightly less drastic decline, falling to $4 037 972 from

$4 655 526. Perhaps more to the point, many present members of Parliament would have received a smaller reimbursement under this regime – a fact unlikely to work in favour of the proposal's adoption.

This is not to say that the proposal would be without appeal to the three largest parties. Taken as a group, candidates for these parties enjoyed a surplus of over $8.7 million in the 1988 election. However, for the two largest parties, there is quite a strong possibility that some candidates may not reach the 15 percent threshold at the next election. This is already the case for the NDP. The proposed system would ensure that such candidates would not be left without the assistance of public funding. Thus the major parties would be guaranteed reimbursement for all their candidates in a federal election. Such a guarantee would be given legitimacy in the public eye by the fact that minor party candidates and independent candidates would also be reimbursed. However, it might be necessary, in order to convince MPs of the new system's worth, to sweeten the pot by increasing the envelope size to the point where their reimbursements would not be so adversely affected. The degree to which public funding ought to be increased in order to ensure the adoption of legislation for the public good, though, is a matter for the politicians to decide.

The provision of financial benefits to independent and minor party candidates might engender concern among some that it would lead to an increased number of such candidates and a concomitant increase in cost. However, the recommendations in this study, taken together, work to reduce this risk. First, candidates would only be reimbursed according to the popular support they received, so it would not be enough merely to run for office – to receive any money, a candidate would have to win popular support. That only candidates with popular support would be reimbursed is further ensured by the requirement that candidates collect 200 signatures to be nominated. Second, the reimbursement envelope in each constituency would be fixed – the only way costs would increase would be if voter turnout increased. And, as Eagles (1991) demonstrated, the presence of an independent candidate on the ballot is unlikely to increase turnout. Thus, in the event that adoption of these recommendations led to a greater number of independent candidates – which is hardly likely, given the meagre rewards involved – the result would not be higher cost, but merely redistribution of reimbursement money. The decision to support or oppose this proposal, then, rests virtually exclusively on agreement or disagreement with the principle that candidate reimbursement ought to be a function of popular support.

Of all the options for reform presented above, the last goes furthest in removing barriers to the ability of candidates – all candidates – to exercise their right to candidacy fully. It would fulfil the purpose of persuading and aiding those inclined to run for office by spreading the benefits now enjoyed only by candidates for the largest parties among all candidates – including independent candidates. In so doing it would enable these candidates to exercise more fully their right to present themselves as candidates.

CONCLUSION

It is one thing for the *Canadian Charter of Rights and Freedoms* to guarantee the right to candidacy; it is quite another to interpret that right. By ensuring greater openness in the ballot access regulations and greater fairness of opportunity to exercise the right to candidacy fully, and by increasing the weight given to popular support in defining both, the recommendations above aim at addressing some of the factors in the contemporary crisis of confidence in political institutions and processes. Establishing such fairness and openness in all legislation governing elections, and doing so primarily on the basis of electoral support, is important in itself and for all players in the electoral system. But in the case of the law's treatment of independent candidates, it is of particular importance. For if the rule-makers can open the system to competitors and treat them fairly, they send a strong message to the public that the electoral system is legitimate, and that the governments it elects are legitimate.

ABBREVIATIONS

am.	amended
c.	chapter
en.	enacted
R.S.C.	Revised Statutes of Canada
S. Ct.	Supreme Court Reporter (U.S.)
s(s).	section(s)
Supp.	Supplement
U.S.	United States Supreme Court Reports

NOTES

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1. From the Statutory Report of the Chief Electoral Officer (Canada, Elections Canada, 1989). In 1984, the breakdown was 61 independent candidates and 23 without affiliation.

2. Candidates' official agents have existed in Canada since 1874 (Seidle 1980, 145).

3. Present Canadian election finance legislation provides for tax credits to contributors to political parties and candidates according to the following formula: 75 percent of the first $100 contributed; an additional 50 percent of any contribution between $100 and $550; and an additional third of any contribution between $550 and $1 150. The maximum available tax credit is $500.

4. Research carried out for the Royal Commission on Electoral Reform and Party Financing by Munroe Eagles indicates that, in the aggregate, the presence of independent candidates or minor parties does not increase voter turnout. More likely, independents would win many of their votes from people who would still vote, though less enthusiastically, were the independent not running (Eagles 1991).

5. This trend holds for the 1979 and 1980 elections, when independents received 0.46 percent and 0.28 percent of the vote, respectively.

6. Those submitting briefs to the Commission in support of an increase in the nomination deposit included: the returning officers from Capilano–Howe Sound, Fraser Valley West, Mission–Coquitlam, New Westminster–Burnaby, Port Moody–Coquitlam, Richmond, Vancouver Centre, Vancouver South and Kamloops; Prof. William Christian, University of Guelph; Paul Bundgard of London, Ontario; and Nelson Riis, MP.

7. Irvine argues, rather persuasively, that voter preference is so heavily based on party and leader identification that the candidate, in the majority of cases, makes little difference in the outcome of a given constituency race (Irvine 1982, 779). Clarke, Jenson, LeDuc and Pammett point out that while the importance of candidates rose in the 1980s, it still was only cited as most important by 27 percent in 1988. Party identification also rose significantly over the 1980s (Clarke et al. 1991).

8. Note that however the party registration regulations were changed, the status of the Marxist-Leninist party's candidates in the last election would not have changed, since their party was not registered because it missed deadlines, not because it lacked candidates.

9. Here, a distinction must be drawn between the majority of independents and those belonging to the Western Independence party, the Student Party and the Western Canada Concept. An anomaly in the broadcasting regulations does not require that deregistered parties' broadcast time be revoked, so a few minutes of time was made available

to each of these parties. However, given the small amount of time involved, the broadcast time probably made little difference (Canada, Elections Canada 1989).

10. Other interveners suggesting the provision of free broadcast time for local election campaigns included Rita Ubriaco in Toronto, former Independent candidate Larry Heather, Steve Orcherton of the Victoria Labour Council, Ben Bisset of the Populist party, John Jenkins of the Socialist party, Don Scott of Yellowknife, Duncan Cunningham of the Baffin Inuit Association and Brian Pearson, a former PC candidate.

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8

LARGE CONTRIBUTIONS TO CANDIDATES IN THE 1988 FEDERAL ELECTION AND THE ISSUE OF UNDUE INFLUENCE

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Donald Padget

A QUARTER OF a century ago, the Barbeau Committee on Election Expenses concluded that dependence on large contributions by political parties and candidates was an issue of great concern. Its report pointed to "a paradox in the public's passive tolerance of the dangers inherent in financing political parties by a relatively few large donors. Clearly, the greater the number of people involved in a party's financing, the less the dependence on a few big interests, and the greater a party's freedom of action in pursuit of what its members conceive to be the public interest" (Canada, Committee 1966, 46).

Before the *Election Expenses Act* of 1974, reliance on a small number of large contributors allowed opportunities for the exercise of undue influence as a result of campaign contributions. Although there was no requirement for the disclosure of revenue sources to parties or candidates prior to the Act, it was well known that party electoral campaigns typically relied on a relatively small number of large contributions from corporations, unions and, to a lesser extent, individuals. This dependence was partly driven by necessity, since attempts by political parties to widen the financial base through mass fundraising had ended in failure. As the Barbeau Committee stated, "widespread popular support [could] rarely be translated into widespread financial support" (Canada, Committee 1966, 278).

The revenue sources for constituency campaigns were usually more diversified than those of the parties, but many candidates had difficulty financing their campaigns (Canada, Committee 1966, 238, 410).[1] The Barbeau Committee noted that "candidates generally have never made much effort to gather modest contributions from a large number of electors. On the contrary, our evidence shows that they attempt to get large contributions from a few sources" (Canada, Committee 1966, 34).

The Barbeau Committee had high expectations for its recommendations to increase public confidence in political financing, encourage participation in politics and expand the base of political contributions (ibid., 38). Eight years after the Barbeau Committee Report, a comprehensive political finance law – the *Election Expenses Act* of 1974 – embodied many of the Committee's recommendations. One of the aims of the legislation was to lessen public suspicion about political contributions by diminishing the scope for undue influence. The means chosen included the disclosure of the source and amount of contributions over $100, tax credits to increase the number of smaller contributions, expenditure limits for candidates and parties, and the partial reimbursement of candidate and party election expenses.

Though there is no single definition of undue influence, in the context of campaign contributions it can be defined as the receipt of a tangible benefit such as an appointment, contract or favourable policy decision in exchange for a contribution. This issue is examined here in relation to large contributions to candidates which are more likely to involve an expectation of reciprocity. Large contributions do not, by themselves, constitute evidence of undue influence, so an empirical analysis of such data cannot draw factual conclusions about whether direct or indirect benefits accrue to contributors. Even so, such data may provide clues as to whether electoral finance patterns reveal potential for the operation of undue influence.

This study begins with a discussion of disclosure, the broadening of the financing base for candidates, and public and journalistic notions of undue influence from campaign contributions. It then addresses the need for an investigation of large campaign contributions to candidates. The core of this study is a review of the patterns of recipients and donors of large contributions and the importance of such contributions to the average campaign in the 1988 election. The following are examined in particular: the presence of very large contributions, the presence of a significant number of large contributions, relative dependency on large contributions for campaign funding, and contributions to those who are more likely to win and be in a position to return benefits to the contributor. The final section of this study explores the possible impact of limits on the size of contributions, which have been suggested as a response to concerns surrounding undue influence in campaign financing.

CHANGES SINCE THE *ELECTION EXPENSES ACT* OF 1974

By rejecting limits on the size of contributions as a means of limiting the opportunity for undue influence, the Barbeau Committee put much faith in disclosure of the sources of campaign revenue. Disclosure became an element of the *Election Expenses Act* and has assisted "candidates to resist pressures by donors for favours" and permitted scrutiny of the relationship between donations and political favours (Canada, Committee 1966, 114). But the Committee had even higher expectations for a "cleansing effect": "Many believe that the reporting of political income would remove the mystery from the financial aspect of politics, and might foster the development of realistic attitudes on the subject ... Reporting might change the attitude that political contributors are purely self-seeking. This, in turn, might lead to an increase in public confidence, a broadening of the base of political donations, and a consequent decrease in the influence of each individual contributor" (ibid.).

As for political contributions, the most remarkable change since 1974 has been the expansion of the financial base for candidate finance and greater reliance on small contributions, particularly those from individuals in place of traditional sources of funding. This may be attributable to both the tax credit and to new fund-raising methods such as direct mail. The number of contributions from individuals to candidates' campaigns rose from 67 300 in the 1979 election – the first held after adoption of the 1974 reforms – to 104 800 in 1988, an increase greater than the population growth during that period (Stanbury 1991, chap. 12). Throughout the last four elections, individuals have been the single most important source of revenue for candidates of all parties, constituting about 40 percent of candidate financing, a proportion that has varied somewhat between parties and elections (ibid.).

There is now more knowledge about the sources of campaign funds, much less difficulty in raising funds from a variety of sources and less reliance on wealthy donors; as a result, public concern over political financing has probably diminished. Even so, many Canadians still appear uneasy about the role of money in political finance. In a public opinion survey for the Royal Commission, 85 percent of respondents agreed that "people with money have a lot of influence over the government." Forty-three percent of respondents agreed that "anybody who gives money to a political party expects something in return, like a job or a contract" (Blais and Gidengil 1991). While 56 percent disagreed with the last statement, these figures reveal considerable public cynicism about current practices of electoral finance. Some degree of cynicism may be healthy but it might also undermine public confidence in the electoral system and in elected representatives. Paradoxically, such beliefs might also inhibit the broadening of the contribution base, which itself could reduce the impression held by some that electoral politics is dominated by well-moneyed interests.

Although disclosure was expected to reduce such accusations (Canada, Committee 1966, 53; Seidle 1980, 212), it may have helped to nourish public cynicism by making it easier for journalists and others to criticize the financing of parties and candidates. Given the necessarily extensive relationship between government and the private sector, Ontario's Commission on the Legislature observed that disclosure may create suggestions of conflict of interest or public suspicion even where it is without foundation (Ontario, Commission 1974, 5; Manitoba Law Reform Commission 1977, 57). A Royal Commission research study surveyed newspaper coverage over the last decade to examine allegations of undue influence in elections and political finance at the federal, provincial and municipal levels. The study found that the single largest category of newspaper stories on undue influence concerned a "relation between a donation to a party or candidate and a favour, contract or grant provided to the donor" (Greene 1991).[2] Although many of these stories merely reported large contributions or notable contributors, some drew a link between a benefit from government and a contribution; only a very few involved allegations of influence peddling or toll-gating that went before a court of law (ibid.).

REASONS FOR THE STUDY OF CONTRIBUTIONS TO CANDIDATES

While large contributions to Canadian political parties have been studied, there has been no systematic research to date on large contributions to candidates. This study attempts to fill this gap.

Canada's executive-centred, parliamentary government is based on the functioning of cohesive political parties. Decision making is primarily located in the Cabinet and the bureaucracy, so that when a party forms a government, it controls policy and administrative decisions such as appointments and contracts, in addition to the agenda of Cabinet and Parliament. The corollary is that individual backbench MPs have traditionally had only marginal influence on such important decisions, and their votes are generally subject to party discipline.

This asymmetry of decision making and the focus of Canadian elections on parties is reflected in political financing: the Liberal and Progressive Conservative parties, which have both held power, received about twice as many contributions of $2 000 or more from individuals than did their candidates in 1988.[3] As a consequence of this asymmetry, it might be presumed that there is greater scope for tangible benefits from contributions to parties, particularly the one in power. The only study to have systematically investigated the relationship between contributions and benefits looked only at contracts and not at policy influence, where the relationship may also be important. It concluded that "although a number of firms substantially favour one party over the other, evidence for a connection between donations and the actual awarding of contracts is not dramatic" (Wearing 1987, 135). The study found that many firms that contributed received contracts regardless of which party was in power, while some received none. Equally important is the finding that many firms were awarded contracts without being large donors to either major party.[4]

Though recent allegations of undue influence linked to campaign contributions have often involved parties, individual candidates, particularly ministers, have also been implicated (Greene 1991). As part of an executive-centred government, ministers have the greatest potential for providing benefits to contributors if they and their party are re-elected. For this reason, their financing warrants close examination.

The financing of other candidates should also not be neglected; if they and their party are elected, they can influence the views of the Cabinet and bureaucracy, particularly behind the closed doors of the governing party's caucus meetings. Government MPs often have a role in determining who receives government grants or subsidies within their constituencies. Moreover, the implementation of some recommendations of the McGrath Committee on parliamentary reform during the 1980s allowed greater autonomy for House of Commons committees to undertake investigations, hire staff and make expenditures (Franks 1987, 181–82). Such changes made access to all MPs somewhat more valuable for those seeking to influence public policy.

An additional point is that contributions to candidates might possibly lead to financial dependence more readily than contributions to parties. Unlike political parties, which have budgets in the millions of dollars and contributors in the tens of thousands, a small number of large contributions can easily represent a preponderant share of candidate revenue, which is typically below $45 000 and comes from fewer than 180 contributors.

PATTERNS OF LARGE CONTRIBUTIONS IN CANDIDATE FINANCING

This section examines the patterns of large contributions to candidates of the Progressive Conservative, Liberal and New Democratic parties in the 1988 federal election. Large contributions are defined as those from individuals, businesses and unions amounting to $1 000 or more in money and/or goods and services.[5] Newspaper reports appear to consider a large donation to be in the $500 to $1 000 range because such donations may be sufficiently large to potentially affect political decision making (Greene 1991). Although contributions below $1 000 have sometimes been regarded as large enough to offer the potential for undue influence, $1 000 seems to be a more reasonable lower limit for analysing contributions to candidates.

To this end, the candidate election expense returns of the 885 candidates of the three major parties in all ridings were reviewed.[6] The data were analysed with reference to candidate financial information as well as demographic and political characteristics of the candidates and their constituencies. Appendix A provides further explanation of the variables included.

General Patterns

Although large contributions to candidates are relatively few in number, aggregate data indicate that their total value is considerable. Just over three percent of the total number of contributions to candidates of the three major parties from individuals, businesses or unions were $1 000 or more, yet 19 percent of the value of these candidates' total contributions came from large contributions. In total, 701 candidates collected 3 719 large contributions worth a total of $5 704 689 (tables 8.1 and 8.2).

The Largest Contributions

The importance of large contributions varied widely among candidates: though 184 candidates (one-fifth of the total) received none, for a few candidates large contributions were significant. The size of the largest contributions suggests that the disclosure provisions for contributions have not deterred some individuals, businesses and unions from contributing relatively large sums. Moreover, many of these contributions involved several non-incumbents but few ministers, and many were donations from candidates to their own campaigns.

A total of $143 185 (51 contributions) involved candidates contributing to their own campaigns. This practice was much more prevalent among Liberal and NDP candidates than among PCs.[7] Liberals had 24 such contributions and the NDP 20, compared to only 7 for the PCs. While the value of such contributions was almost inconsequential for

Table 8.1
Number of large contributions ($1 000 or more) to candidates compared to other revenue sources, 1988 federal election

Category of contributor	PC *N*	PC %	Liberal *N*	Liberal %	NDP *N*	NDP %
Individual (large)	860 [2.9]	1.6	366 [1.3]	1.0	263 [0.9]	1.1
Individual (small)	39 469 [133.7]	72.8	26 742 [90.7]	75.7	22 235 [75.4]	90.9
Business (large)	1 204 [4.1]	2.2	656 [2.2]	1.9	26 [0.1]	0.1
Business (small)	12 645 [42.9]	23.3	7 553 [25.6]	21.4	748 [2.5]	3.1
Union (large)	0 [0]	0.0	3 [0]	0.0	341 [1.2]	1.4
Union (small)	5 [0]	0.0	18 [0]	0.0	837 [2.8]	3.4
Large subtotal	2 064 [7.0]	3.8	1 025 [3.5]	2.9	630 [2.1]	2.6
Total individual, business and union contributions	54 183 [183.7]	99.9	35 338 [119.8]	100.0	24 450 [82.9]	100.0

Note: Numbers in square brackets are contributions per candidate.

Percentages may not add to 100.0 due to rounding.

PC candidates, they made up 15 and 12 percent of all large contributions from individuals to Liberal and NDP candidates, respectively. About half of these contributions in each party, a total of 25, involved Quebec candidates and almost all involved non-incumbents.

Among contributions from individuals, the largest was $29 021 from Liberal Frank Stronach to his own campaign. Toronto Liberal Dennis Mills donated $8 535 in goods and services to his own campaign. Christine Leung gave $10 000 to the campaign of British Columbia Liberal Raymond Leung. In general, large contributions from donors with the same family name as the candidate were not uncommon (table 8.3).

The largest contribution from individuals to PC candidates was $5 000. Seven PC candidates each received one such contribution, two received two, and one received three. Of these ten, two were ministers and three were backbench incumbents; six of the ten were from Quebec.

One of the non-incumbents received $5 000 from each of two people with the same family name. One of the ministers also had two $5 000 contributions from two people with the same family name. The other minister, who is from Quebec, received $5 000 from "Ian Smith"; someone with the same name gave $5 000 to a PC backbencher from Quebec. One of the non-incumbents running in Newfoundland received $5 000 from

Table 8.2
Value of large contributions ($1 000 or more) to candidates, compared to other revenue sources, 1988 federal election

Category of contributor	PC		Liberal		NDP	
	$	%	$	%	$	%
Individual (large)	1 158 810 [3 926]	8.1	558 589 [1 894]	6.3	343 165 [1 163]	6.0
Individual (small)	4 961 258 [16 818]	38.0	3 181 130 [10 783]	35.3	1 980 821 [6 715]	36.2
Business (large)	1 779 959 [6 034]	13.3	943 630 [3 199]	8.7	59 176 [201]	1.0
Business (small)	2 875 953 [9 749]	21.5	1 690 814 [5 732]	16.9	122 487 [415]	3.0
Union (large)	0 [0]	0.0	3,000 [10]	0.0	858,360 [2,910]	11.4
Union (small)	2 600 [9]	0.0	6 772 [23]	0.1	264 291 [896]	4.0
Political organization	1 392 847 [4 722]	10.4	1 352 477 [4 585]	13.7	1 414 382 [4 795]	15.3
Party	1 000 114 [3 390]	7.5	1 657 502 [5 619]	16.4	1 472 862 [4 993]	18.0
Other	235 340 [798]	1.8	268 561 [910]	2.8	319 570 [1 083]	4.7
Large subtotal	2 938 769 [9 962]	19.4	1 505 219 [5 102]	15.0	1 260 701 [4 274]	18.4
Total	13 406 881 [45 447]	100.0	9 662 475 [32 754]	100.0	6 835 114 [23 170]	100.0

Note: Numbers in square brackets are contributions per candidate.

The percentages represent the average proportion of that category in each candidate's total contributions, not the proportion of that category in the total value of contributions. "Other" in the table is composed of funds from the remaining categories appearing in candidate returns, namely "other," "government" and "fund-raising sources." These figures may differ from those in the Report of the Chief Electoral Officer (Canada, Elections Canada 1988b) because of the reclassification of donations by the author.

"Hon. John Crosbie." PC candidates Allan Koury and Nicole Moreault each contributed $5 000 to their own campaigns (see table 8.3).

The three largest contributions from individuals to NDP candidates – $10 000, $7 372 and $5 000 – were from candidates to their own campaign (Shirley Farlinger, Phil Edmonston and Pierre Hêtu, respectively).

By comparison, the largest contributions from individuals to parties in 1988 were of considerably greater value. The Liberal and PC parties each received a contribution of $40 000 from an individual, and the NDP received one of $103 480 (Stanbury 1991, chap. 5).

The largest business contributions went to two PC backbench incumbents, Stan Graham and Claude Lanthier, both in the amount of $25 000 from Crestbrook Forest Industries and Société DHP, respectively. Among Liberals, Jack Anawak of Nunatsiaq received the biggest single business contribution: $8 500 from Evaz Investments. Paul Martin received $7 500 from Polysar Energy and Chemical Corporation, which was the second largest donation to Liberal candidates. Maria Jean of Verchères received the largest business contribution to an NDP candidate: $10 000 from "Service d'urgence GAL Inc." A union made the second largest contribution to any candidate to NDP leader Ed Broadbent: $25 874, split almost equally between contributions in kind (goods and services) and money.

Such very substantial contributions, however, were the exception: only 8 contributions were between $10 000 and $25 000, and 117 were

Table 8.3
Largest contribution to candidates by category, 1988 federal election
(dollars)

Category	PC	Liberal	NDP
Individual	(12 of) 5 000[a]	10 000[a]	3 500[a]
Business	(2 of) 25 000	8 500	10 000
Union	0[b]	(3 of) 1 000	25 874
Political organization	35 000	43 814	51 142
Political party	46 774	42 500	58 178
Other	10 000[c]	5 000[c]	2 000[c]

Notes: "Other" is a category defined by Elections Canada and is found on candidate returns.

[a] These figures do not include the following: Liberal Frank Stronach gave $29 021 to his own campaign and PC candidates Allan Koury and Nicole Moreault each gave $5 000 to their own campaigns. NDP candidates Shirley Farlinger, Phil Edmonston and Pierre Hêtu gave $10 000, $7 372, and $5 000, respectively, to their campaigns.

[b] Though there were a few union contributions to PC candidates, none was over $1 000.

[c] PC candidate Wilton Littlechild received $10 000 from "Ermineskin Tribal Ent." A contribution of $5 000 was made by the BC Egg Marketing Board to Liberal candidate Tony Wattie. "Ass. Jean-Cyr-Bureau" gave $2 000 to NDP candidate André Courdeau.

Table 8.4
Number of large contributions ($1 000 or more) to candidates, 1988 federal election

		PC candidates		Liberal candidates		NDP candidates		Total	
Source	Value of contribution ($)	*N*	%	*N*	%	*N*	%	*N*	%
Individual	1 000–1 999	724	84	311	85	234	89	1 269	85
	2 000–4 999	120	14	39	11	27	10	186	13
	5 000+	16	2	16	4	2	1	34	2
	Subtotal	860	100	366	100	263	100	1 489	100
Business	1 000–1 999	954	79	526	80	14	54	1 494	79
	2 000–4 999	215	18	116	18	10	38	341	18
	5 000+	35	3	14	2	2	8	51	3
	Subtotal	1 204	100	656	100	26	100	1 886	100
Union	1 000–1 999	0	0	3	100	171	50	174	50
	2 000–4 999	0	0	0	0	126	37	126	37
	5 000+	0	0	0	0	44	13	44	13
	Subtotal	0	0	3	100	341	100	344	100
Total	1 000–1 999	1 678	81	840	82	419	66	2 937	79
	2 000–4 999	335	16	155	15	163	26	653	18
	5 000+	51	3	30	3	48	8	129	3
	Total	2 064	100	1 025	100	630	100	3 719	100

between $5 000 and $10 000 (8 of which involved candidates contributing to their own campaign) (table 8.4). There were 653 contributions between $2 000 and $5 000. Nearly 80 percent (2 937) of large contributions were under $2 000 and almost 60 percent were exactly $1 000 (tables 8.4 and 8.5). In sum, very large contributions would not seem to be as common as might be believed.

Sources of Large Contributions

An examination of the sources of large contributions reveals a few clear patterns that apply to the candidates of all three major parties. These patterns indicate that those who may have a direct economic interest in political decisions – mostly businesses and unions – are more likely than individuals to make large donations. However, this is not surprising because unions and businesses possess greater resources than most individuals.

Contributions from individuals were the least likely to be large, while contributions from unions were the most likely to be large (tables 8.6 and 8.7). In fact, over 75 percent of the total value of union contri-

Table 8.5
Value of large contributions ($1 000 or more) to candidates, 1988 federal election

Range ($)	PC candidates $	PC candidates %	Liberal candidates $	Liberal candidates %	NDP candidates $	NDP candidates %	Total $	Total %
1 000–1 999	1 787 116	60.8 [56.3]	913 270	60.7 [28.8]	475 017	37.7 [15.0]	3 175 403	55.7 [100.1]
2 000–4 999	827 263	28.1 [49.7]	390 366	25.9 [23.5]	445 747	35.4 [26.8]	1 663 376	29.2 [100.0]
5 000+	324 390	11.0 [37.5]	201 583	13.4 [23.3]	339 937	27.0 [39.3]	865 910	15.2 [100.1]
Total	2 938 769	99.9 [51.5]	1 505 219	100 [26.4]	1 260 701	100.1 [22.1]	5 704 689	100.1 [100.0]

Note: Numbers in square brackets are the proportion of large contributions in each range, totalled horizontally.

butions involved large contributions. This reflects the high average value of large contributions from unions, which was over 60 percent higher than those from individuals and businesses (table 8.8).

Though contributions from individuals account for nearly 80 percent of the total number of contributions from individuals, businesses and unions to candidates of the three largest parties, they only account for approximately 40 percent of the value of large contributions from these sources. Businesses were the predominant source of large contributions to PC and Liberal candidates, providing 58 and 64 percent of their total number of large contributions respectively. Similarly, unions provided 54 percent of NDP candidates' large contributions. (see table 8.1). It is notable that the average size of large contributions in each of these categories was similar for all of the parties while the total number and total value received varied widely (table 8.8).

Notable Contributors, Candidates and Patterns of Contributions

In considering the potential for undue influence, the election returns of those candidates who received the greatest number of large contributions may be of particular interest. The following observations about notable contributors and particular contribution patterns are primarily based on an examination of the election returns of 69 of the total 885 candidates. After ranking candidates according to the total value of large contributions received, these 69 candidates were chosen from

Table 8.6
Large contributions ($1 000 or more) to candidates as a percentage of the total value of each category, 1988 federal election

	Individual	Business	Union
PC	18.9	38.2	0.0
Liberal	14.9	35.8	30.7
NDP	14.8	32.6	76.5
All three parties	16.9	37.2	75.9

Table 8.7
Large contributions ($1 000 or more) to candidates as a percentage of the total number of each category, 1988 federal election

	Individual	Business	Union	Total
PC	2.1	8.7	0.0	3.8
Liberal	1.4	8.0	14.3	2.9
NDP	1.2	3.4	28.9	2.6
All three parties	1.7	8.3	28.6	3.3

the top 20 candidates in each of the Liberal and PC parties and the top 10 candidates in the NDP, in addition to all outgoing ministers who ran in the election.

A small number of the hundreds of large corporations that usually donate to parties also donated to candidates and, when they did, the sums were frequently less than $1 000. Some businesses gave to more than one candidate, usually to candidates in a single province, to ministers in a single province or to several ministers throughout Canada. Ministers also often received donations from firms that were related to their portfolio or were from their constituency or region. In general, recognizable donor firms were in regulated industries and included companies involved in cable television, mining, fish processing, forestry and commercial development, as well as the financial industry and the print and television media. For example, Clearwater Fine Foods, a Nova Scotia fish processing firm, gave a total of $19 000 to three ministers (including $2 000 to the Minister of Fisheries and Oceans, who ran in British Columbia) and to six PC and Liberal backbenchers in Nova Scotia. One minister, whose constituency includes Clearwater's

Table 8.8
Average amount of contributions to candidates: large contributions ($1 000 or more) compared to other revenue sources, 1988 federal election

Category of contributor	PC candidates				Liberal candidates			NDP candidates		
	N-inc.	Inc.	Mins.	All cand.	N-inc.	Inc.	All cand.	N-inc.	Inc.	All cand.
Individual (large)	1 403	1 309	1 327	1 347	1 574	1 280	1 526	1 305	1 293	1 305
Individual (small)	134	119	130	126	119	119	119	91	76	89
Business (large)	1 384	1 615	1 388	1 478	1 450	1 396	1 438	2 341	1 500	2 276
Business (small)	230	216	255	227	219	246	224	164	159	164
Union (large)	0	0	0	0	1 000	1 000	1 000	2 456	2 859	2 517
Union (small)	500	0	533	520	427	244	376	315	322	316
Average of large contributions	1 392	1 494	1 362	1 424	1 496	1 359	1 469	1 937	2 572	2 001

N-inc. = non-incumbent; Inc. = incumbent; Mins. = minister.

headquarters, received $10 000 of this total. Teck Corporation, a mining company, gave a total of $18 500 to six ministers and to some PC backbenchers, most of whom were running in western Canada (Lee 1990).

Multiple contributions involving large amounts appeared to be the exception, however, because most multiple contributions from a single source involved amounts under $1 000. These amounts might suggest that these companies, many of which contributed considerable amounts to the parties, were more interested in having their name appear next to token contributions than in giving a substantial amount. For example, Power Corporation gave a total of $2 500 to five ministers and $3 150 to six prominent Liberal candidates.[8] Government Consultants International, a lobbying firm, had the most lengthy list of contributions: 17 ministers, 4 other PC candidates and 5 Liberal candidates received $500 each. Rogers Cable also had an extensive list, giving a total of $14 000 to 11 ministers and four prominent Liberals. The law firm of Osler Harcourt gave 13 ministers $200 each. Many PC candidates in Alberta received a few hundred dollars each from Sunshine Village, a ski resort in that province (*Calgary Herald* 1989).

The names of a few company heads also appeared as individual donors in the returns of some prominent candidates, both Liberal and PC, but almost all of these gave less than $500. An exception was George Petty, head of Repap Paper, who gave five PC candidates in Montreal $3 000 each.

Among the top 10 NDP candidates, large donations from several unions were quite common, sometimes involving several locals of the same union, such as the Canadian Auto Workers. At least half of their large contributions from unions came in the form of goods and services. No large contributions from businesses went to these 10 NDP candidates, although 26 were made to the other 285 NDP candidates.[9]

Recipients of Large Contributions

Party

Returning to an examination of the 885 candidate returns, it is evident that the number of large contributions received by candidates varied widely according to the candidate's party. PC candidates received 60 percent of the total number of large contributions from individuals and businesses (PC candidates also received almost 60 percent of small contributions from these two sources) (table 8.9). Union contributions did not follow this pattern; rather, NDP candidates received virtually all union contributions, both large and small. PC candidates received a total of 2 064 large contributions versus 1 025 and 630 for Liberal and NDP candidates, respectively (table 8.1). In addition, PC candidates were somewhat more likely to receive contributions of $1 000 or more: 274 PC candidates received at least one, compared to 227 Liberal and 200 NDP candidates (table 8.10). However, this distribution of large contributions did not hold for other levels of large contributions that were examined. For example, NDP and PC candidates received roughly the same number and value of large contributions of $5 000 or more (tables 8.4 and 8.5).

For the campaign of the average candidate, these figures implied a difference of several thousand dollars. PC candidates had on average seven large contributions with a total value of $9 962; Liberal candidates had on average 3.5 large contributions, totalling $5 102; and NDP candidates had on average 2.1 large contributions, totalling $4 274 (tables 8.1 and 8.2).

Ministers, Backbench Incumbents and Non-incumbents

In addition to the differences between the parties, incumbents in every party received on average a somewhat greater amount of funds in

Table 8.9
Recipients of large contributions ($1 000 or more) to candidates, 1988 federal election
(dollars)

Party of candidate	Large individual	Small individual	Large business	Small business	Large union	Small union
PC	1 158 810 [56.2%]	4 961 258 [49.0%]	1 779 959 [64.0%]	2 875 963 [61.3%]	0 [0.0%]	2 600 [1.0%]
Liberal	558 569 [27.1%]	3 181 130 [31.4%]	943 630 [33.9%]	1 690 814 [36.1%]	3 000 [0.3%]	6 772 [2.5%]
NDP	343 165 [16.7%]	1 980 821 [19.6%]	59 176 [2.1%]	122 487 [2.6%]	858 360 [99.7%]	264 291 [96.6%]
Total	2 060 564 [100.0%]	10 123 209 [100.0%]	2 782 765 [100.0%]	4 689 254 [100.0%]	861 360 [100.0%]	273 663 [100.1%]

Table 8.10
Dependency of candidates on large contributions ($1 000 or more), 1988 federal election

% of total revenue from large contributions	PC candidates (*N*)	Liberal candidates (*N*)	NDP candidates (*N*)
0	21	68	95
0–25	192	161	105
25–50	66	59	68
50–75	12	5	25
75–100	2	2	2

large contributions than non-incumbent candidates (tables 8.11, 8.12 and 8.13). Most of this difference is attributable to a greater number of business contributions to PC and Liberal incumbents and to a greater number of union contributions to NDP incumbents.

Ministerial status revealed the greatest difference in the number of large contributions received: it accounted for a far greater difference among PC candidates than incumbency. On average, ministers collected over seven more large contributions than PC incumbent backbenchers. The 41 ministers comprised almost five percent of major party candidates, but they received $753 144, or 13 percent, of the total value of all large contributions. Although the total value of large contributions was greater

Table 8.11
Large contributions ($1 000 or more) to average PC candidate compared to other revenue sources, 1988 federal election

Category of contributor	PC non-incumbent (*N* = 126)		PC incumbent (*N* = 128)		PC ministers (*N* = 41)		PC total (*N* = 295)	
	$	%	$	%	$	%	$	%
Individual (large)	3 385	8.0	3 209	7.4	8 290	11.0	3 928	8.1
Individual (small)	13 580	35	18 158	41.5	22 934	35.4	16 818	38.0
Business (large)	4 370	9.5	6 015	11.7	11 613	15.8	6 034	13.3
Business (small)	9 166	22.7	9 325	20.4	13 144	19.0	9 749	21.5
Union (large)	0	0.0	0	0.0	0	0.0	0	0.0
Union (small)	8	0.0	0	0.0	42	0.0	9	0.0
Political organization	4 453	13.1	5 218	11.7	3 901	7.3	4 722	10.4
Party	3 525	9.4	2 634	5.8	5 549	9.3	3 390	7.5
Other	836	2.2	502	1.8	1 690	2.2	798	1.8
Large subtotal	7 755	17.5	9 224	19.1	19 822	26.7	9 962	19.4
Small subtotal	22 754	57.9	27 483	61.9	36 120	54.5	26 576	60.1
Total	39 325	100.0	45 061	100.0	67 082	100.0	45 447	100.0

Note: The percentages represent the average proportion of that category in each candidate's total contributions, not the proportion of that category in the total value of contributions.

for ministers, the average size of large contributions to ministers was approximately the same as those to other PC candidates (table 8.11).

Some ministers received a much higher amount in large contributions than others. Of the 41 ministers, just over half – 22 – received over $15 000 in large contributions and 10 received over $25 000. Among the other 254 PC candidates, 38 received over $15 000 in large contributions and 15 received over $25 000.

Many of the top fund-raisers of large contributions were either incumbents or ministers, as indicated by a ranking of candidates according to the total value of large contributions received. Of the first 20

Table 8.12
Large contributions ($1 000 or more) to average Liberal candidate compared to other revenue sources, 1988 federal election

Category of contributor	Liberal non-incumbent (*N* = 263)		Liberal incumbent (*N* = 32)		Liberal total (*N* = 295)	
	$	%	$	%	$	%
Individual (large)	1 832	6.5	2 401	4.7	1 894	6.3
Individual (small)	10 614	36.5	12 174	25.0	10 783	35.3
Business (large)	2 829	8.4	6 240	11.0	3 199	8.7
Business (small)	5 202	16.7	10 084	19.0	5 732	16.9
Union (large)	4	0.0	63	0.1	10	0.0
Union (small)	15	0.0	38	0.0	23	0.0
Political organization	4 404	13.9	6 072	12.8	4 585	13.7
Party	4 814	15.4	12 232	24.7	5 619	16.4
Other	885	2.6	1 144	2.5	138	0.4
Large subtotal	4 664	14.9	8 703	15.9	5 102	15.0
Small subtotal	15 834	53.2	22 296	44.1	16 535	52.2
Total	30 601	100.0	50 446	100.0	32 754	100.0

Note: The percentages represent the average proportion of that category in each candidate's total contributions, not the proportion of that category in the total value of contributions.

Liberal candidates in this ranking, seven were incumbents, another three were MPs who sat in Parliament before 1984, and one (Frank Stronach) provided a $29 021 contribution in cash and goods and services to his own campaign. The total value of large contributions for these candidates ranged from $60 250 (Paul Martin, the second highest, was $31 000) to $15 500. Among the top 20 PC candidates, 11 were ministers, five were incumbent backbenchers and four were non-incumbents. Their total large contributions ranged from $65 400 (John Crosbie, who received 58 large contributions) to $28 200. One of the incumbents and two of the non-incumbents joined the Cabinet after the 1988 election. One of these two non-incumbents, Jean Corbeil, collected 35 large contributions for a total of $59 500. Of the 20 NDP

Table 8.13
Large contributions ($1 000 or more) to average NDP candidate compared to other revenue sources, 1988 federal election

Category of contributor	NDP non-incumbent (*N* = 265)		NDP incumbent (*N* = 30)		NDP total (*N* = 295)	
	$	%	$	%	$	%
Individual (large)	1 246	6.5	431	1.3	1 163	6.0
Individual (small)	6 384	37.4	9 639	26.8	6 715	36.2
Business (large)	212	1.1	100	0.3	201	1.0
Business (small)	405	3.2	504	1.5	415	3.0
Union (large)	2 678	11.4	4 956	12.0	2 910	11.4
Union (small)	837	4.1	1 416	3.3	896	4.0
Political organization	4 108	13.7	10 862	28.5	4 795	15.3
Party	4 572	17.7	8 710	20.3	4 993	18.0
Other	862	4.8	2 900	5.9	1 080	4.7
Large subtotal	4 136	19.0	5 487	13.6	4 274	18.4
Small subtotal	7 618	44.4	11 560	31.5	8 019	43.1
Total	21 316	100.0	39 544	100.0	23 170	100.0

Note: The percentages represent the average proportion of that category in each candidate's total contributions, not the proportion of that category in the total value of contributions.

candidates examined, only four were incumbents, and their totals ranged from $25 874 (NDP leader Ed Broadbent) to $14 210.

Province and Urban/Rural Variation

Large contributions also varied according to the province and whether the riding was urban or rural. Though the pattern of large contributions to each party's candidates differed widely across the country, candidates for the PC party received more large contributions than other candidates in every province except Manitoba (table 8.14). For each of the major parties, candidates running in 172 urban or mostly urban ridings each raised an average of one more large contribution than candidates in the 123 rural or mostly rural ridings (table 8.15).

Table 8.14
Large contributions to average candidate in each province, 1988 federal election

Party		B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.
PC	$	16 719	8 135	8 209	5 279	6 646	11 074	17 467	12 854	6 036	21 726
	#	10.8	5.5	5.8	4.8	5.0	7.4	13.2	8.4	5.0	16.4
	%	29.9	15.0	14.6	12.1	13.1	23.9	30.7	25.3	17.1	35.3
Liberal	$	5 497	2 735	1 924	5 557	5 046	6 758	200	5 020	5 650	8 679
	#	3.5	1.6	1.6	3.9	3.3	4.7	0.1	4.3	1.3	6.7
	%	20.7	16.5	10.4	18.3	12.9	17.2	0.5	11.8	4.0	23.3
NDP	$	6 158	1 132	1 915	143	5 966	4 415	2 521	1 414	0	4 137
	#	3.3	0.4	0.5	0.1	2.6	2.7	1.6	1.1	0.0	1.9
	%	14.5	4.1	4.5	1.5	23.1	24.9	23.4	8.4	0.0	37.3

$ = value of total large contributions for average candidate.

# = number of large contributions for average candidate.

% = large contributions as a percentage of total contributions for average candidate, referred to as "dependency" in the text.

Table 8.15
Number and value of large contributions to average candidate in urban (or mostly urban) and rural (or mostly rural) ridings, 1988 federal election

	Urban		Rural	
Party	$	*N*	$	*N*
PC	10 702	7.6	6 927	6.5
Liberal	5 938	4.1	3 933	2.7
NDP	5 098	2.5	3 121	1.6

Large Contributions Relative to Other Sources

The presence of other revenue sources reduces the potential influence of large contributions. Certain provisions of the *Election Expenses Act* have enhanced these other sources. Before the introduction of expenditure limits, reimbursement and tax credits in the 1974 legislation, the need for contributions was greater because local campaigns usually cost more than today. In the 1974 election (the last to be run without limits on election expenses), PC and Liberal candidates spent on average approximately $20 000, or just under $60 000 in 1990 dollars. (This figure is based on the returns of the 85 percent of candidates of the major parties who complied with this requirement.) One candidate reported expenditures of $108 759 (over $325 000 in 1990 dollars) and some declared about $75 000 ($225 000 in 1990 dollars) (Seidle 1980, 263).[10] In the 1988 election, however, PC and Liberal candidates spent on average less than $40 000 on official election expenses, with an average constituency limit of $46 887. This suggests that much less money is now required for a competitive campaign than before the Act.

As suggested earlier, the tax credit has helped to encourage the availability of private sources of campaign money, particularly small contributions, which are assisted by a proportionately higher tax credit than large contributions. Small contributions from individuals, businesses and unions made up between 60 and 43 percent of revenue for the average candidate, depending on the party (tables 8.11, 8.12 and 8.13). The presence of small contributions can be expected to dilute the influence of large contributions. It must be noted, however, that large contributions may be more valuable than their amounts would imply because, where they can be raised, it is less costly or difficult to do so than for small contributions.[11]

Other sources of contributions should be taken into account when considering undue influence because the expectation of reciprocity might be presumed to be greater in situations where candidates depend significantly on large contributions for their election finances. Two ways of measuring candidate dependency consider either the total value of large contributions or the value of the single largest contribution relative to total contributions. Both measures point to the conclusion that large contributions play only a modest role in candidate financing. For example, large contributions accounted for approximately 19.4 percent of total contributions from all sources for the average PC candidate and even less for the other parties (table 8.16).[12] Since nearly one-third of NDP candidates received no contributions over $1 000, only those candidates who received large contributions could be considered. The latter represented 27 percent of candidates' total contributions for NDP candidates and 21 and 20 percent for PC and Liberal candidates respectively (table 8.16).

For most of these candidates, a single large contribution did not provide a major proportion of revenue. Consequently, even if they had a significant number of large contributions, it should not be assumed that they were financially dependent on any one of them (table 8.16). Hence, if a candidate or MP should displease one significant benefactor, there were usually many others on which the candidate could rely.

Table 8.16
Measures of candidate dependency on large contributions
(averages for all candidates in each party unless otherwise noted)

Measure	PC	Liberal	NDP
Large contributions/total revenue	19.4	15.0	18.4
Large contributions/total revenue*	21.0	20.0	27.0
Large contributions/total revenue from individuals, businesses and unions	24.7	21.3	28.9
Large contributions/(total revenue and reimbursement)	13.3	10.5	14.2
Large contributions/(total revenue and reimbursement)*	14.3	13.6	21.2
Largest single contribution to candidate/total revenue	5.7	6.4	10.1

*Only average for candidates who received large contributions.

It is not only a party's entire group of candidates that is worthy of scrutiny; subgroups may be highly dependent on large contributions. Among incumbents, non-incumbents and ministers in each party, ministers were the most dependent, with large contributions accounting for 26.7 percent of their total contributions (table 8.11). There were two candidates in each party who relied on large contributions for over 75 percent of their total contributions. But NDP candidates figured disproportionately among candidates who were highly dependent. Twenty-seven NDP candidates were dependent on large contributions for over half their total contributions, compared to 14 for the PCs and seven for the Liberals (table 8.10).

Reimbursement also provides a significant portion of total revenue for many candidates and reduces the need for revenue from private sources. Many candidates could expect to receive a reimbursement of up to half their allowable election expenses if they won at least 15 percent of the vote. Candidates who spent up to the limit of election expenses – $46 887 on average – and received a reimbursement needed to raise only $23 443. All but two PC candidates (99 percent) and 264 Liberal candidates (89 percent) received a reimbursement in the 1988 election, while only 170 NDP candidates (58 percent) qualified. A similar pattern was obtained in the 1984 election (Canada, Elections Canada 1985). PC candidates who were eligible for reimbursement in 1988 received an average of $20 529, compared to Liberal and NDP reimbursements which averaged $17 636 and $16 700, respectively (Canada, 1988b). Once reimbursement is included in total revenue, the average NDP candidate relied on large contributions for only 14.2 percent of his or her total revenue. Average candidates in other major parties were even less reliant (table 8.16).

Candidates often raise more than they can spend on election expenses, but this may be more than just a precautionary measure to ensure that they have sufficient funds for official election expenses. There are additional expenses that candidates can incur in order to promote themselves; these are not included in the Act's definition of election expenses. Most candidates in all three major parties spent funds on "other expenses," and at least 94 candidates (all but four of whom were PC or Liberal candidates) each spent over $10 000 on such expenses. For all candidates in the three major parties, $3.1 million was spent on "other expenses" (Stanbury 1991, chap. 12).

Most candidates, whether or not they spent money on "other expenses," ended up with a surplus after reimbursement. Candidate surpluses are one indicator of funds that were not needed for the campaign. In 1988, 632 candidates of the major parties reported a post-reimbursement surplus of nearly $9.4 million (Stanbury 1991, chap. 12). The surplus exceeded $20 000 for 143 campaigns (over half were PC campaigns). About 80 percent of the candidates in the Liberal and PC parties had campaign surpluses after the 1988 election, while just over half of the NDP candidates were in the same category (ibid.). Many candidates could probably have spent the same amount on election expenses and "other expenses" without their large contributions, using only small contributions and contributions from their constituency association and political party. For example, the average surplus of PC candidates, $20 080 (ibid.), exceeded their average amount of large contributions, $9 962 (table 8.2). For Liberal and NDP candidates, the average surplus also exceeded the average amount of large contributions by over half.

Though many candidates could spend money on "other expenses" and still have surplus funds, some candidates, particularly those who could expect little electoral support and had less revenue, depended on large contributions and other funds to provide revenue for election expenses. Some candidates could not raise half of their limit of election expenses, which, together with reimbursement, would permit them to spend up to that limit. In addition, 44 percent of NDP candidates in the last election did not receive the reimbursement because they won less than 15 percent of the vote. Because NDP candidates on average received fewer contributions and less reimbursement, and had fewer surpluses, they more frequently needed their revenue for election expenses.

In sum, expenditure limits and other revenue such as reimbursements have diminished the reliance on a few major sources for funding and have probably reduced the risk that, out of financial necessity, candidates will be influenced by large donors.

FACTORS AFFECTING WHO RECEIVES LARGE DONATIONS

The preceding section describes patterns of large contributions but does not seek to explain these patterns. This section examines the basis for these patterns and the factors that affect how many dollars in large contributions a candidate receives. Regression analysis was used to examine each party's candidates, separately and together, and the major factors that affect the total value of large contributions, as well as the categories of large contributions from individuals, businesses and unions (see appendix A). These categories should be looked at separately because the various types of donors can be expected to base their contributions on different criteria. This section outlines the assumptions of this analysis, presents the empirical results and then discusses the implications for undue influence.

The basis for this study is the assumption that large contributions are different from small contributions because they may offer greater potential for undue influence. If those giving large contributions are seeking influence, the pattern of large contributions can be expected to differ from the pattern of small contributions. For these figures to be useful, an assumption must be made about the behaviour of donors who may be seeking influence through large contributions: such donors prefer to give to candidates who will probably be able to return a favour or to those who have been able to benefit them in the past. This might be termed a strategic donor hypothesis. In this context, the likelihood of reciprocation depends on the candidate's chance of winning and being in a position of influence.

While a full assessment of this likelihood is impossible, donors can be expected to know whether a certain candidate is "in the running" or not. Such donors may be expected to take into account factors such as the previous support for the candidate's party in the riding, party affiliation, incumbency and ministerial status.[13] Donors might presume that incumbents tend to be more successful in winning re-election because, "by definition, they are running in ridings where a significant number of voters have supported their party" in the past and because incumbents have certain advantages associated with their office (Krashinsky and Milne 1991). Ministers who are running for re-election are also incumbents but they have greater opportunities to return benefits because experienced ministers tend to return to Cabinet if their party forms the government.

Table 8.17
Factors affecting the value of total large contributions

	PC	Liberal	NDP	All candidates
Minister	9 465 (1 645)** [0.298]	—	—	9 913 (1 233)** [0.250]
Incumbent	-814 (1 313) [-0.037]	1 134 (1 538) [0.054]	-3 440 (1 359)* [-0.201]	-518 (775) [-0.027]
1984 % vote	2 417 (8 055) [0.026]	6 381 (5 943) [0.110]	25 994 (5 223)** [0.609]	7 045 (2 338)** [0.148]
Small contribution	0.231 (0.040)** [0.316]	0.131 (0.040)** [0.228]	0.026 (0.049) [0.038]	0.190 (0.022)** [0.318]
Liberal	—	—	—	-1 494 (635)* [-0.085]
PC	—	—	—	-1 518 (891)‡ [-0.086]
Intercept	4 660 (8 751)	-4 285 (6 091)	-2 346 (4 610)	1 526 (6 981)
R^2	0.41	0.18	0.26	0.33
Number of candidates	*295*	*295*	*295*	*885*

Source: Demographic data from Statistics Canada; Canada, Elections Canada (1988a).

Notes: See appendix B for complete results of these regressions. This abridged table does not contain all variables considered. See appendix A for explanation of variables. Entries in parentheses ( ) represent standard errors; entries in brackets [ ] beta weights; superscripts ** and * represent $p < .01$ $p < .05$ (two-tailed test); and † and ‡ represent $p < .01$ and $p < .05$ (one-tailed test), respectively. These notations are in descending order of probability such that ** also implies $p < .01$ (one-tailed test), etc.

Ministers

The most significant result is that when controlling for other factors, ministers tended to receive more in large contributions (table 8.17). When controlled for other factors, this money ($9 900 on average) is beyond what was received by candidates who were also incumbents and had the same fund-raising ability and electoral support. This amount is composed of an estimated $5 557 from businesses and $3 756 from individuals (tables 8.18 and 8.19).

Party Affiliation and Incumbency

Unexpectedly, party affiliation and incumbency, two key variables that appeared to be significant in the descriptive tables, had little effect on the value of large contributions when controlled for other factors. In fact, these two variables had negative impacts on large contributions from some sources. For total large contributions, candidacy in the Liberal and PC parties was worth just over one large contribution *less* than candidacy in the NDP, primarily as a result of the effect of PC and Liberal candidacy on large contributions from unions. Although party affiliation had a positive impact for large contributions from individuals to PC candidates (yielding $1 110 on average, or almost one more large contribution), it had virtually no effect on such contributions from businesses to either Liberal or PC candidates.

Incumbency for all candidates resulted in an average of $518 less in large contributions, according to its regression coefficient. It led to an advantage of about $1 100 in total large contributions for Liberal candidates and an estimated disadvantage of $814 and $3 440 for PC and NDP candidates, respectively (table 8.17). When total large contributions were broken into their subcategories, incumbency led to $1 200 less in large contributions from individuals to NDP candidates, and nearly $2 000 less to PC candidates (table 8.18). The coefficients indicate that,

Table 8.18
Factors affecting value of large contributions from individuals

	PC	Liberal	NDP	All candidates
Minister	3 517 (1 005)** [0.186]	—	—	3 756 (725)** [0.170]
Incumbent	-1 986 (812)* [-0.150]	503 (858) [0.046]	-1 253 (418)‡ [-0.146]	-902 (459)† [-0.085]
1984 % vote	1 109 (5 030) [0.020]	-1 742 (3 289) [-0.058]	4 763 (2 757)‡ [0.223]	543 (1 378) [0.021]
Small contribution (individuals)	0.181 (0.033)** [0.297]	-0.013 (0.030) [-0.031]	0.0650 (0.028)† [0.178]	0.116 (0.017)** [0.240]
Liberal	—	—	—	188 (367) [0.019]
PC	—	—	—	1 110 (514)† [0.112]
Intercept	-3 124 (5 399)	-1 197 (3 397)	-1 045 (2 433)	-1 225 (4 096)
R^2	0.37	0.06	0.17	0.25
Number of candidates	295	295	295	885

Source: Demographic data from Statistics Canada; Canada, Elections Canada (1988a).

Notes: See appendix B for complete results of these regressions. This abridged table does not contain all variables considered. See appendix A for explanation of variables. Entries in parentheses ( ) represent standard errors; entries in brackets [ ] beta weights; superscripts ** and * represent $p < .01$ $p < .05$ (two-tailed test); and † and ‡ represent $p < .01$ and $p < .05$ (one-tailed test), respectively. These notations are in descending order of probability such that ** also implies $p < .01$ (one-tailed test), etc.

controlling for other factors, NDP incumbents could expect to receive some $2 300 less in large contributions from unions than NDP non-incumbents (table 8.20). However, incumbency added about $1 200 to PC candidates from large business contributions (table 8.19).

The low and inconsistent impact of party affiliation and incumbency on large contributions is primarily explained by fund-raising ability and local party electoral support, which are the next two factors to be examined.

Fund-raising Ability

For most candidates, the value of large contributions was strongly related to their fund-raising ability, which was approximated by the value of small contributions. This variable had the greatest explanatory power of all those considered. Its coefficient indicates that a candidate with an additional dollar in small contributions tended to collect

Table 8.19
Factors affecting value of large contributions from businesses

	PC	Liberal	NDP	All candidates
Minister	5 032 (1 245)** [0.194]	—	—	5 557 (836)** [0.185]
Incumbent	1 258 (960) [0.069]	302 (1043) [0.020]	83 (250) [0.028]	756 (526) [0.052]
1984 % vote	3 584 (5 972) [0.047]	-8 478 (4 001)† [0.204]	-636 (961) [-0.067]	610 (1 592) [0.017]
Small contribution (business)	0.492 (0.065)** [0.460]	0.312 (0.055)** [0.360]	0.355 (0.071)* [0.302]	0495 (0.030)** [0.542]
Liberal	—	—	—	306 (440) [0.023]
PC	—	—	—	-107 (610) [-0.008]
Intercept	1 577 (6 599)	-3 987 (4 125)	-28 (851)	-109 (4 714)
R^2	0.50	0.27	0.14	0.46
Number of candidates	295	295	295	885

Source: Demographic data from Statistics Canada; Canada, Elections Canada (1988a).

Notes: See appendix B for complete results of these regressions. This abridged table does not contain all variables considered. See appendix A for explanation of variables. Entries in parentheses ( ) represent standard errors; entries in brackets [ ] beta weights; superscripts ** and * represent $p < .01$ $p < .05$ (two-tailed test); and † and ‡ represent $p < .01$ and $p < .05$ (one-tailed test), respectively. These notations are in descending order of probability such that ** also implies $p < .01$ (one-tailed test), etc.

another 19 cents in total large contributions. This relationship was even more significant for contributions from business to all candidates and for unions. Comparing the parties, the effects were strongest for contributions from individuals and businesses to PC candidates and from unions to NDP candidates, but it was virtually inconsequential for individual contributions to Liberal and NDP candidates (tables 8.18 and 8.19). When political support in the riding is taken into account, these findings indicate that fund-raising of large contributions often did not depend on the party's previous electoral support in the riding.

Local Party Electoral Support

Local political support was measured by the percentage of votes for the candidate's party in the previous election. This variable was positively related to total large contributions for all parties, leading to $70 more for each percentage point received in the previous general election. This

Table 8.20
Factors affecting value of large contributions from unions

	NDP	All cand.
Minister	—	-119 (458) [-0.0008]
Incumbent	-2 316 (1 245)‡ [-0.147]	-153 (291) [-0.022]
1984 % vote	21 320 (4 781)** [0.541]	3 783 (894)** [0.215]
Small contribution (unions)	0.402 (0.226)‡ [0.112]	0.657 (0.123)** [0.188]
Liberal	—	-2 691 (260)** [-0.412]
PC	—	-3 453 (355)** [-0.529]
Intercept	-1 756 (4 232)	2 017 (2 605)
R^2	0.27	0.30
Number of candidates	*295*	*885*

Source: Demographic data from Statistics Canada; Canada, Elections Canada (1988a).

Notes: See appendix B for complete results of these regressions. This abridged table does not contain all variables considered. See appendix A for explanation of variables. Entries in parentheses ( ) represent standard errors; entries in brackets [ ] beta weights; superscripts ** and * represent $p < .01$ $p < .05$ (two-tailed test); and † and ‡ represent $p < .01$ and $p < .05$ (one-tailed test), respectively. These notations are in descending order of probability such that ** also implies $p < .01$ (one-tailed test), etc.

variable was a weak predictor for contributions from individuals, except for NDP candidates. Paradoxically, one of its strongest effects was negative for business contributions to Liberal candidates, for whom each percentage of the vote led to $85 less in large contributions. The coefficients indicate that this relationship was the strongest relationship for union contributions to NDP candidates, a slightly weaker one for individual contributions to NDP candidates. In fact, the ability of NDP candidates to raise large contributions from unions was much more closely related to their electoral support than to their fund-raising ability (as measured by the value of small contributions from unions). For NDP candidates, each percentage point in the constituency vote coincided with an estimated $260 in large contributions, mostly from unions (tables 8.17 and 8.20). This result is suited to a party whose electoral support and financial resources are regionally concentrated. Because NDP candidates are weaker in financial and electoral terms in many ridings, the allocation of greater funding to candidates who are more likely to succeed makes sense, in that it is more likely to affect the electoral outcome.

Fund-raising capacity and local party electoral support are intervening variables that explain much of the apparent significance of party and incumbency that appears in earlier descriptive tables (8.11, 8.12 and 8.13).[14] Specifically, both PC candidates and incumbents tended to raise a greater amount in large contributions primarily as a result of their greater fund-raising ability and partially as a result of local political support for their party. From these findings, it may be said that non-incumbents can raise about as much in large contributions from most sources as incumbents, if they have the same fund-raising ability and electoral support. The same can be said for Liberal and NDP candidates relative to PC candidates.

Role of Candidates and Personal Links in Fund-raising

The explanatory power of all the factors that were considered is modest. These relationships explain between 6 and 50 percent of the variation in large contributions, depending on the party and source (tables 8.17 and 8.18).[15] This indicates that although large donations to candidates follow some patterns, most of the variation remains unexplained and may signify the importance of personal factors, such as links to businesses and people who are likely to donate. Some of these personal factors may be partially captured in the variables used in the regression analysis. For example, a portion of the fund-raising success of ministers may be explained by the fact that they are often chosen from among more prominent and active MPs and from those with business or legal backgrounds, which may help provide links with potential contributors of large sums. Undoubtedly, being a minister also offers even greater opportunities to cultivate such links. It was noted that several PC candidates who matched ministers in the total value of large contributions went on to become ministers after the election.

The decisive role played by the candidate in fund-raising is suggested by other research.[16] A survey of constituency association presidents for a Royal Commission study found that the candidate was deemed important or very important to the success of election fund-raising by 88 percent of respondents (Carty 1991). A comparable proportion of respondents judged that personal contact with individuals, businesses, unions and organizations was an important or very important method of raising funds. This method of fund-raising was considered more important than other methods such as direct mail, fund-raising events and unsolicited donations.

Province

An examination of the control variables may offer further insight into the determinants of who receives large contributions. The province in which the candidate ran was found to be a significant factor in the value of large contributions received. In the most striking examples, the coefficients indicate that being a candidate in Newfoundland led to an additional $5 300 in large contributions, while candidacy in Ontario led to $3 700 less (appendix B, tables 8.B1 and 8.B3). These provincial effects were the strongest in the case of contributions from business to PC candidates. These findings had nothing to do with a province's urban/rural nature or household wealth since these were controlled by other variables. The remaining variance among provinces might be attributable to such factors as political culture, whether federal and provincial elections occurred at a similar time, and the indirect influence of provincial regulation of political contributions. The latter factor may have been relevant in the case of Quebec, where, at the provincial level, only individual electors can make political contributions. These are considerations that might weaken or strengthen a province's pool of potential large donors.

Urban/Rural and Other Factors

Candidates in ridings made up entirely of urban electors received an average of about $2 800 more in large contributions than those in totally rural ridings. This effect occurred primarily in the case of business contributions to PC candidates (appendix B, tables 8B.1 and 8B.3).

The population, average income of the riding and whether the opponent was an incumbent were used as controls and had only weak effects on large contributions. In addition, none of them was a good predictor of the variation in large contributions. As expected, running against an incumbent led to a decrease in large contributions, primarily for PC candidates, who received an average $2 643 less in large contributions if they ran against an incumbent. Higher income ridings led to a slightly lower amount of large union contributions to NDP candidates (appendix B, table 8B.4).

Male candidates generally had a small but noteworthy advantage in large contributions. In particular, being a male candidate for the PC or Liberal party led to an average of about $1 400 more in large contributions when controlling for other factors. Among the sources, this effect was most visible for large contributions from individuals to PC candidates, where the advantage was an estimated $1 800. Being a male candidate for the NDP led to an advantage of $712 in large contributions from unions, but to $227 less from individuals and $274 less from businesses than female candidates (appendix B, tables 8B.1–4).

IMPLICATIONS FOR THE STUDY OF UNDUE INFLUENCE

In general, the above analysis demonstrates the importance of fund-raising ability over local party support (particularly for PC and Liberal candidates), partisanship and incumbency. This finding appears to run counter to the assumption that rational donors may have been seeking influence. It suggests that although incumbency and PC and Liberal partisanship led to more large and small contributions, the increase in large contributions is usually matched by an even larger increase in small contributions, a result that dilutes the potential influence of large contributions. There is one notable case in which fund-raising was not the most important predictor. For union contributions to NDP candidates, local party support ($ß = .54$) outweighs the impact of fund-raising ($ß = .11$). Although this result conforms to the strategic donor hypothesis noted above, it likely reflects decisions to allocate large union contributions to the limited number of NDP candidates who had the greatest chance of being elected.

Nevertheless, the coefficients for large contributions to ministers lend some credence to the strategic donor hypothesis, but this finding cannot be construed to suggest influence was being sought. It might be asserted, however, that even if this extra money was not enticement for future consideration, it may have constituted recognition for past support of the contributor's interests or for attentiveness to the larger client base of his or her department. The additional large contributions that ministers receive might suggest there is unequal access to large campaign funds, which, but for limits on electoral expenditure, has the potential to alter electoral competition.

Despite the relevance of ministerial status, its significance is outweighed by fund-raising ability. Specifically, for total contributions to PC candidates, ministerial status (β = .298) was a weaker predictor than small contributions (β = .316) (table 8.17). This is even more evident when business contributions to PC candidates are considered separately. For such contributions, ministerial status (β = .194) is a much weaker predictor than small contributions (β = .460) (table 8.19). This finding is even more convincing because this particular regression explains 50 percent of the variation in large business contributions (R^2 = .50). Incumbency and the previous vote are found to be even less significant than ministerial status and much more inconsistent in their direction.

The results in this and the previous section would tend to debunk the widely held notion often articulated by journalists that undue influence through campaign contributions is rampant. While media stories are based on a few examples, this is an overall evaluation of all large contributions to candidates. Nonetheless, these contributions remain a topic of concern because, even with irreproachable motivations, such contributions can create real or perceived expectations of reciprocity. It must be remembered that allegations need not be proven to harm public confidence in the integrity of candidate financing.

CONTRIBUTION LIMITS

As a response to ethical concerns about undue influence, many commentators have advocated limits on the size of contributions. Such limits exist in Quebec, Ontario, New Brunswick, Alberta and in the United States, at the federal level and in many states. Ontario's Commission on the Legislature (Camp Commission) concluded in 1974 that limits would be a more direct way of curbing influence than the system of expenditure limits and public funding advocated by the Barbeau Committee. The Camp Commission suggested that the absence of contribution limits at the federal level in Canada left "the method of political financing relatively unchanged, with the parties continuing their traditional dependence on the traditional sources for their funds" (Ontario, Commission 1974, 15).

But this statement appears no longer to be true because the traditional reliance has clearly diminished, particularly for local campaigns. Nevertheless, a majority of Canadians (57 percent) favour limits on the size of political contributions, according to an attitudinal survey for the Royal Commission (Blais and Gidengil 1991).

This section examines the possible impact of contribution limits on local campaigns, using the data on contributions to candidates in the 1988 election. It has been assumed that if the size of contributions were limited, most contributors of large amounts would probably still have made a donation, but would have restricted themselves to the maximum allowable amount. Although this approach does not take into account behavioural changes of donors and candidates that could follow the introduction of contribution limits, it can provide an indication of their potential impact.

In general, the imposition of a limit on the size of contributions of $1 000 or more would have only modestly affected the financial base

Table 8.21
Estimated effect of limits on value of contributions on total party revenue, 1988 federal election

	PC candidates		Liberal candidates		NDP candidates		Total	
Max. allowed ($)	$	% of contrib.	$	% of contrib.	$	% of contrib.	$	% of contrib.
1 000	874 770	6.5	480 219	5.0	630 701	9.2	1 965 690	6.6
2 000	379 654	2.8	221 949	2.3	363 684	5.3	965 267	3.2
5 000	69 391	0.5	51 583	0.5	99 937	1.5	220 911	0.7
Total contributions from any source	13 406 881	100.0	9 662 475	100.0	6 835 114	100.0	29 904 470	100.0

Table 8.22
Estimated number of contributions affected by limits on value of contributions, 1988 federal election
(number of contributions exceeding indicated limit)

	PC candidates		Liberal candidates		NDP candidates		Total	
Max. allowed ($)	*N*	%	*N*	%	*N*	%	*N*	%
1 000	705	1.30	409	1.16	395	1.62	1 509	1.32
2 000	216	0.40	119	0.34	154	0.63	489	0.43
5 000	11	0.02	13	0.04	39	0.16	63	0.06
Total individual, business, and union contributions	54 183	100.0	35 338	100.0	24 450	100.0	113 971	100.0

of most candidates. A contribution limit of $1 000 would have led to a loss of $1 985 690, or 6.6 percent of total contributions. The numbers of contributions affected by such a limit would have been relatively low: only 1 509 (1.32 percent) of total contributions (tables 8.21 and 8.22). (Even though 3 719 contributions were classed as large, over half were exactly equal to $1 000 and hence would remain unaffected by such a limit.) Higher limits would have reduced contributions by smaller amounts (table 8.21).

Contribution limits would have had a differential impact on candidates of the three major parties. With a limit of $1 000 or $2 000, PC candidates would have lost the largest total value; with a limit of $5 000, NDP candidates would have realized the greatest drop in the total value. In proportion to total contributions, however, Liberal and PC candidates would have fared better than NDP candidates, who would have faced the greatest loss under any of the contribution limits examined. NDP candidates stood to lose 9.2 and 5.3 percent of their total contributions from limits of $1 000 and $2 000, respectively (table 8.21). To be comprehensive, such a limit probably should also restrict contributions of goods and services. Such a provision would have affected NDP candidates most since unions often donate paid assistance and other goods or services rather than money.[17]

Contribution limits would also have had a differential impact on ministerial, incumbent and non-incumbent candidates. In terms of dollars per candidate, NDP incumbents would have been the most affected by a contribution limit of $2 000, closely followed by PC ministers (table 8.23). But in terms of the proportion of total revenue, NDP candidates, both incumbents and non-incumbents, would have been the most affected, and by a substantial margin (see table 8.24). PC candidates received a greater number of contributions of $2 000 or more; NDP candidates would have seen the greatest drop as a proportion of their revenue as a result of the higher average size of NDP large contributions (table 8.8) and the weakness of other funding sources.

Under a system of contribution limits, candidates could well find it necessary to devote more time to fund-raising in order to make up for lost revenue. The evidence suggests that most candidates who had a solid funding base (primarily PC and Liberal candidates) would have been able to adjust easily. Candidates with a weaker funding base, typically NDP candidates, would have had to cut into their election expenses because, by definition, they had fewer contributions, qualified less often for reimbursement and had smaller surpluses.

The Barbeau Committee feared that contribution limits would aggravate the existing financial difficulties faced by electoral campaigns, and this was one reason it opposed them (Canada, Committee 1966, 48). It is clear that fund-raising for local campaigns is far easier today than a quarter century ago when the Barbeau Committee made its report. Even so, the concern the Barbeau Committee referred to may still apply to candidates who derive a considerable portion of their election funds from large contributions.

Table 8.23
Estimated effect of contribution limit of $2 000 on various groups of candidates, 1988 federal election

Group	Revenue affected ($)	Total contrib. affected (%)	Average per candidate ($)
PC minister	93 336	3.4	2 276
PC incumbent	181 230	3.2	1 416
PC non-incumbent	105 088	2.1	834
Liberal incumbent	25 874	1.6	809
Liberal non-incumbent	196 075	2.4	746
NDP incumbent	69 462	5.9	2 315
NDP non-incumbent	294 222	5.2	1 110
Total	965 287	3.2	1 091

Table 8.24
Estimated effect of limits on value of contributions on revenue from individuals, businesses and unions, 1988 federal election

	PC candidates		Liberal candidates		NDP candidates		Total	
Max. allowed ($)	$	% of contrib.	$	% of contrib.	$	% of contrib.	$	% of contrib.
1 000	874 770	8.1	480 219	7.5	630 701	17.4	1 985 690	9.6
2 000	379 654	3.5	221 949	3.5	363 684	10.0	965 287	4.6
5 000	69 391	0.6	51 563	0.8	99 937	2.8	220 911	1.1
Total value of individual, business and union contributions	10 778 580	100.0	6 383 935	100.0	3 628 300	100.0	20 790 815	100.0

One effect of limits on the size of contributions might be to curb fund-raising by candidates who have ample funds for their election and end up with surpluses, particularly PC and Liberal candidates. Since large contributions form part of these revenue bases and, ultimately, these surpluses, a contribution limit would be less likely to decrease the funds available to PC and Liberal candidates for election expenditures. Limits on the size of contributions would tend to leave less funding available for the election expenses for those who are already weakest in funding, primarily NDP candidates.

This study does not discuss whether contribution limits can be enforced or whether they are desirable; it merely demonstrates that most candidates' campaigns would not have been greatly affected. The modest impact of limits on candidates and contributors could constitute support for the idea as a political solution to concerns of the appearance (or reality) of undue influence. Or it could amount to an argument that contribution limits may not be needed because most candidates can hardly be beholden to the interests of large contributors if they can easily make up money lost from such limits and can raise more money than they need for election expenses. The Manitoba Law Reform Commission concluded that, "in the context of Manitoba, we do not think that the problem of large donors is sufficiently acute to warrant the very complex and difficult-to-enforce provisions adopted by Ontario. We agree with the Barbeau Committee that the reporting and disclosure ... would probably be more than enough to curb any potential for abuse in this area" (1977, 31). In this regard, it appears the Canadian public recognizes the value of disclosure. Both before and after the *Election Expenses Act*, approximately four-fifths of Canadians consistently favoured requirements for the disclosure of the sources of party and candidate revenue (Blais and Gidengil 1991).

As long as large contributions from individuals, business and unions are permitted, however, allegations of undue influence from such contributions will likely continue. The chief benefit of a workable regime of contribution limits would appear to be a reduction in the likelihood of such allegations, which cast aspersions on the political financing system. Nevertheless, the perception that contribution limits are evaded can also easily erode confidence in political financing, as has been demonstrated by Ontario's "Patti Starr Affair" (Johnson 1991) and the channelling of donations to unregulated national party funds in the United States (Goldstein 1991, 1).

It must also be remembered that many powerful interests, which have the capacity for large contributions, are influential in government decision making whether they can contribute large amounts or not.

Limits on the size of contributions would not affect other, perhaps more important, factors in the distribution of influence, such as friendship, party membership and the distribution of economic power.

CONCLUSION

This study shows that, in the 1988 federal election, most candidates were not financially dependent on large contributions because large contributions made up a relatively small portion of average campaign revenue, less than 15 percent for each of the parties, once the reimbursement is considered. PC candidates raised the highest average amount of large contributions ($9 962), but, even for PC candidates, these large contributions constituted a small part of their overall revenue when considering that they also received an average of $26 576 in small contributions and $8 112 from the party and constituency associations.

The total amount of large contributions received by a candidate was typically composed of a number of contributions, each averaging less than $1 500, a situation that reduces candidate vulnerability to the influence of a single contributor. In fact, few candidates were significantly dependent on a single large contribution.

An examination of the factors that affect the value of large contributions received by a candidate suggests only a limited potential for undue influence. Fund-raising ability was found to be the most relevant factor in raising large contributions rather than incumbency or the candidate's party. Of the factors that might suggest undue influence, only ministerial status was consistently significant. Ministerial status led to, on average, an additional $9 900 in large contributions, a finding suggested in the descriptive analysis and confirmed in the regression analysis. Contributors seeking influence would probably donate to ministers because they have the greatest potential to provide benefits to contributors as a member of the executive. The fact that of all the groups studied, ministers are favoured in the allocation of large contributions confirms this intuition and does not allow the rejection of the proposition that some contributors might be seeking influence. Though this might explain why ministers can be subject to allegations of undue influence, it may be observed that these funds were not a substantial part of the average total contributions of $67 082 for a minister.

It appears that large contributions are markedly less crucial to candidate revenue today than 25 years ago when the Barbeau Committee outlined its concerns about undue influence. Tax credits, expenditure limits and reimbursement have lessened the amount of money needed from private sources to run a competitive campaign. This creates conditions conducive to the financial independence of candidates from large private donors.

Overall, the risks of candidates being influenced by large donors out of financial necessity appear low. Despite this empirical observation, some candidates still raise substantial amounts of large contributions and they may even make up a significant portion of a given candidate's revenue. Yet this should not provide much cause for concern because this study clearly demonstrates that most candidates do not have to depend on large contributions. And many of those who are significantly dependent on large contributions, primarily NDP candidates, do not stand a good chance of winning.

Because most candidates are not financially dependent on large contributions, the question of influence is ultimately decided by the candidate and is based on other circumstances, not by financial necessity. As former federal Minister Jean-Luc Pepin stated, "politicians are bought only when it is known that they are for sale" (Pepin et al. 1987, 195). This study suggests that because of the availability of alternative funding sources and the effects of the *Election Expenses Act*, candidates need not be for sale.

APPENDIX A: NOTES ON MEASUREMENT AND CODING

The dependent variables used in the regression analyses are the total dollar values of large contributions received by each candidate in one or all of the parties, depending on the column in each of the tables. The relevant large contributions are from one or all of the sources, depending on the table.

Many of the variables used in the regression analyses are dichotomous "dummy" variables. Candidates possessing these traits were scored one; the remainder were scored zero. These personal or political traits include ministerial candidate, male candidate, incumbent candidate, PC candidate and Liberal candidate. Ministers were all MPs running for re-election who had occupied a position in cabinet during the Parliament preceding the 1988 election, including one elected in a by-election, but excluding John Fraser who became Speaker of the House. The candidates were also coded by province and whether they ran against an incumbent (denoted "Vs. incumb.").

The remaining variables are not dichotomous. The "1984 % vote" is the proportion of the total vote within the boundaries of the new 1988 riding from the 1984 election that went to the party. This conversion was necessary because riding boundaries changed between 1984 and 1988. This variable is intended to represent the approximate political support for a party in a certain riding. Though not an exact measure, the 1984 vote is more appropriate than the percentage of vote in 1988 because the former was part of the historical record at the time when contributions were made for the 1988 election, while the 1988 results were merely speculative. The coefficient for this variable suggests the variation in the dependent variable that accords with a 100 percent change in the 1984 vote. Because a variation of 100 percent is practically impossible, this coefficient divided by 100 represents the change in the dependent variable corresponding with 1 percent change in the 1984 vote.

The urban-rural index is the difference between the number of electors in urban polls and the number of electors in rural polls, divided by the total number of electors. It varies from one (if all the electors are urban) to negative one (if all the electors are rural). Its coefficient indicates the variation in the dependent variable that corresponds with the difference between a riding half urban/half rural and one that is totally urban. Thus, the dependent variable should vary by twice that number between ridings that are totally urban and those that are totally rural. The variable "total enumerated" represents the number of people enumerated. Ridings that had few people enumerated also tended to be rural.

The average household income reflects the wealth of the riding. The value of small contributions is the value of contributions of $999 or less from individuals, businesses or unions, or from all sources, depending on the table. It is intended to represent the ability of the local candidate to raise funds independently of his or her party and riding association. When the percentage of vote in 1984 is used as a control, the "value of small contributions" represents the desire of contributors to give to the candidate an amount that is disproportionate to the past electoral support for the candidate's party in the area.

The ordinary-least-squares coefficient indicates the effect of the independent variable on the dependent variable and presumes that the effect of the remaining variables is held constant. "NDP candidate," "New Brunswick" and "non-incumbent" do not appear as categories because one of each category could not be included as it would result in overspecification of the equation. The coefficients for the other variables indicate their effect with respect to the reference category.

The standard error and probability are included merely because of methodological convention. They are not applicable in this case since the "universe" of large contributions to candidates in 1988 is entirely captured by the database; it did not constitute a sample of them. Thus, the standard error is effectively zero and the probability is meaningless. If the universe were regarded as large contributions in all recent elections, the probability would still not be useful because each election is very different, involving a new political dynamic. The ability to generalize these results beyond the 1988 election is not certain, particularly when the emphasis on the issue of free trade may have affected the patterns of contributions in terms of their number or value.

In order to compare the effects of variables that have different units, the ß weights have been included. These represent the effect that a change of one standard deviation of that independent variable contributes toward explaining a change of one standard deviation of the dependent variable. Greater explanatory inference for each variable is indicated by an increasing size of the ß weight.

APPENDIX B

Table 8.B1
Factors affecting the value of total large contributions

	PC	Liberal	NDP	All candidates
Minister	9 465 (1 645)** [0.298]	—	—	9 913 (1 233)** [0.250]
Incumbent	-814 (1 313) [-0.037]	1 134 (1 538) [0.054]	-3 440 (1359)* [-0.201]	-518 (775) [-0.027]
Vs. incumb.	-2 643 (1 897) [-0.098]	-437 (865) [-0.032]	-171 (662) [-0.016]	-603 (616) [-0.036]
Male	1 436 (1 614) [0.043]	1 408 (969) [0.081]	245 (631) [0.021]	518 (611) [0.025]
1984 % vote	2 417 (8 055) [0.026]	6 381 (5 943) [0.110]	25 994 (5 223)** [0.609]	7 045 (2 338)** [0.148]
Urban/rural	2 872 (1 151)* [0.173]	1 096 (720) [0.112]	175 (571) [0.022]	1 483 (448)** [0.118]
Number enumerated	-0.031 (0.058) [-0.038]	0.010 (0.040) [0.021]	0.051 (0.029)‡ [0.130]	0.009 (0.025) [0.014]
Income	0.123 (0.102) [0.076]	0.028 (0.069) [0.029]	-0.042 (0.054) [-0.056]	0.018 (0.045) [0.015]
Small contributions	0.231 (0.040)** [0.316]	0.131 (0.040)** [0.228]	0.026 (0.049) [0.038]	0.190 (0.022)** [0.318]
Newfoundland	10 394 (4 461)* [0.144]	6 010 (3 109)‡ [0.141]	3 246 (2 319) [0.096]	5 264 (1 986)** [0.096]
Prince Edward Island	-10 059 (5 441)‡ [-0.106]	1 123 (3 800) [0.020]	750 (2 919) [0.017]	-3 310 (2 483) [-0.046]
Nova Scotia	-3 356 (3 864) [0.058]	866 (2 937) [0.026]	-2 122 (2 039) [-0.078]	-2 224 (1 772) [-0.051]
Quebec	-3 880 (3 122) [-0.154]	3 936 (2 168)‡ [0.264]	2 318 (1 625) [0.195]	-55 (1 390) [-0.003]
Ontario	-11 624 (3 078)** [-0.500]	1 118 (2 303) [0.081]	1 086 (1 671) [0.100]	-3 615 (1 406)* [-0.206]
Manitoba	-10 383 (3 883)** [-0.201]	3 638 (2 772) [0.119]	-5 291 (2 045)** [-0.218]	-3 578(15 874)† [-0.091]
Saskatchewan	-8 655 (3 710)* [-0.168]	1 041 (2 791) [0.034]	-5 851 (2 238)** [-0.241]	-3 324 (1 889)† [-0.085]
Alberta	-10 477 (3 578)** [-0.271]	2 079 (2 671) [0.081]	-1 870 (1 790) [-0.103]	-3 498 (1 532)† [-0.119]

Table 6.B1 (cont'd)
Factors affecting the value of total large contributions

	PC	Liberal	NDP	All candidates
British Columbia	-864 (3 262) [-0.024]	4 042 (2 550) [0.194]	-1 972 (1 990) [-0.118]	1 413 (1 481) [0.053]
Northwest Territories	-5 916 (7 329) [-0.044]	10 464 (5 119)† [0.132]	3 490 (3 907) [0.055]	3 209 (3 293) [0.032]
Yukon	-7 206 (9 637) [-0.038]	1 229 (6 695) [0.011]	4 192 (5 161) [0.047]	-2 632 (4 338) [-0.018]
Liberal	—	—	—	-1 494 (635)* [-0.085]
PC	—	—	—	-1 518 (891)‡ [-0.086]
Intercept	4 660 (8 751)	-4 285 (6 091)	-2 346 (4 610)	1 526 (6 981)
R^2	0.41	0.18	0.26	0.33
Number of candidates	295	295	295	885

Source: Demographic data from Statistics Canada; Canada, Elections Canada (1988a).

Notes: See appendix A for explanation of variables. Entries in parentheses ( ) represent standard errors; entries in brackets [ ] beta weights; superscripts ** and * represent $p < .01 p < .05$ (two-tailed test); and † and ‡ represent $p < .01$ and $p < .05$ (one-tailed test), respectivly. These notations are in descending order of probability such that ** also implies $p < .01$ (one-taied test), etc.

Table 6.B2
Factors affecting the value of large contributions from individuals

	PC	Liberal	NDP	All candidates
Minister	3 517 (1 006)** [0.186]	—	—	3 756 (725)** [0.170]
Incumbent	-1 986 (812)* [-0.150]	503 (858) [0.046]	-1 253 (418)‡ [-0.146]	-902 (459)† [-0.085]
Vs. incumb.	-834 (1 170) [-0.052]	-258 (482) [0.036]	43 (349) [0.008]	-403 (364) [0.043]
Male	1 862 (994)‡ [0.094]	679 (539) [0.075]	-227 (333) [-0.040]	222 (361) [0.019]
1984 % vote	1 109 (5 030) [0.020]	-1 742 (3 289) [-0.058]	4 783 (2 757)‡ [0.223]	543 (1 378) [0.020]
Urban/rural	549 (710) [0.056]	178 (402) [0.036]	-37 (301) [0.0009]	207 (264) [0.029]
Number enumerated	0.009 (0.036) [0.018]	0.019 (0.022) [0.074]	0.021 (0.015) [0.100]	0.015 (0.015) [0.045]

Table 8.B2 (cont'd)
Factors affecting the value of large contributions from individuals

	PC	Liberal	NDP	All candidates
Income	0.034 (0.063) [0.035]	0.090 (0.039) [0.021]	-0.002 (0.029) [-0.005]	0.007 (0.027) [0.010]
Small contributions (individuals)	0.181 (0.033)** [0.297]	-0.013 (0.030) [-0.031]	0.065 (0.028)† [0.178]	0.116 (0.017)** [0.240]
Newfoundland	3 701 (2 737) [0.086]	2 017 (1 710) [0.091]	-441 (1 222) [-0.026]	1 364 (1 174) [0.042]
Prince Edward Island	-1 759 (3 352) [-0.031]	1 199 (2 120) [0.041]	-20 (1 536) [-0.001]	-444 (1 468) [-0.011]
Nova Scotia	-1 047 (2 382) [-0.030]	1 313 (1 578) [0.074]	153 (1 076) [-0.011]	-686 (1 045) -0.028]
Quebec	6 180 (1 890)** [-0.411]	2 445 (1 201)† [0.315]	1 761 (858)† [0.296]	3 078 (824)** [0.288]
Ontario	-1 396 (1 917) [-0.101]	1 686 (1 272) [0.236]	-679 (881) [-0.124]	-626 (839) [-0.063]
Manitoba	-1 023 (2 285) [0.033]	2 723 (1 547)‡ [0.172]	-663 (1 081) [-0.052]	147 (991) [0.007]
Saskatchewan	-1 688 (2 334) [-0.055]	1 002 (1 568) [0.063]	-1 141 (1 183) [-0.094]	-584 (991) [-0.027]
Alberta	-1 628 (2 193) [-0.071]	961 (1 483) [0.081]	-688 (943) [-0.075]	-450 (906) [-0.027]
British Columbia	-577 (2 028) [-0.027]	1 610 (1 417) [0.148]	-1 145 (1 060) [-0.138]	75 (877) [0.005]
Northwest Territories	210 (4 513) [0.003]	1 023 (2 848) [0.025]	-227 (2 062) [-0.009]	-139 (1 947) [-0.002]
Yukon	-1 408 (5 946) [-0.013]	490 (3 735) [0.008]	2 759 (2 723) [0.062]	422 (2 565) [0.0005]
Liberal	—	—	—	188 (367) [0.019]
PC	—	—	—	1 110 (514)† [0.112]
Intercept	-3 124 (5 399)	-1 197 (3 397)	-1 045 (2 433)	-1 225 (4 096)
R^2	0.37	0.06	0.17	0.25
Number of candidates	*295*	*295*	*295*	*885*

Source: Demographic data from Statistics Canada; Canada, Elections Canada (1988a).

Notes: See appendix A for explanation of variables. Entries in parentheses ( ) represent standard errors; entries in brackets [ ] beta weights; superscripts ** and * represent $p < .01$ $p < .05$ (two-tailed test); and † and ‡ represent $p < .01$ and $p < .05$ (one-tailed test), respectively. These notations are in descending order of probability such that ** also implies $p < .01$ (one-tailed test), etc.

Table 6.B3
Factors affecting the value of large contributions from businesses

	PC	Liberal	NDP	All candidates
Minister	5 032 (1 245)** [0.194]	—	—	5 557 (836)** [0.185]
Incumbent	1 258 (980) [0.069]	302 (1 043) [0.020]	83 (250) [0.028]	756 (526) [0.052]
Vs. incumb.	-1 031 (1 432) [-0.047]	-94 (587) [0.010]	62 (123) [0.033]	-5 (419) [-0.000]
Male	7 (1 213) [0.000]	621 (657) [0.050]	-274 (117)* [-0.139]	-24 (416) [-0.001]
1984 % vote	3 584 (5 972) [0.047]	-8 478 (4 001)† [0.204]	-636 (961) [-0.087]	610 (1 592) [0.017]
Urban/rural	2 262 (862)** [0.167]	733 (490) [0.104]	57 (104) [0.043]	787 (305)** [0.082]
Number enumerated	-0.035 (0.043) [-0.052]	0.001 (0.027) [0.003]	-0.003 (0.005) [-0.052]	-0.006 (0.017) [-0.013]
Income	0.066 (0.077) [0.061]	0.026 (0.047) [0.038]	0.013 (0.010) [0.097]	0.046 (0.031) [0.050]
Small contributions (business)	0.492 (0.065)** [0.460]	0.312 (0.055)** [0.360]	0.355 (0.071)* [0.302]	0.495 (0.030)** [0.542]
Newfoundland	8 266 (3 347) [0.140]	2 870 (2 140) [0.094]	117 (431) [0.020]	2 892 (1 351)† [0.070]
Prince Edward Island	-4 890 (4 149) [-0.063]	274 (2 572) [0.007]	-225 (537) [-0.029]	-1 301 (1 693) [-0.024]
Nova Scotia	-1 162 (2 908) [-0.025]	-587 (1 972) [-0.024]	77 (375) [0.016]	-1 521 (1 201) [-0.046]
Quebec	-4 294 (2 675) [-0.208]	1 675 (1 457) [-0.156]	229 (302) [-0.113]	-1 047 (958) [-0.072]
Ontario	-7 136 (2 404)** [-0.375]	333 (1 494) [0.034]	-74 (304) [-0.039]	-2 977 (950)** [-0.222]
Manitoba	-5 888 (2 874)† [-0.140]	2 096 (1 821) [0.096]	154 (371) [0.037]	-2 037 (1 142)‡ [-0.068]
Saskatchewan	-3 627 (2 857) [-0.086]	1 536 (1 831) [0.070]	396 (407) [0.095]	-1 432 (1 138) [-0.048]
Alberta	-6 816 (2 718)* [-0.215]	1 678 (1 784) [0.102]	32 (326) [0.010]	-2 201 (1 044)† [-0.099]
British Columbia	2 100 (2 497) [0.073]	3 216 (1 688)‡ [0.214]	375 (364) [0.131]	999 (1 008) [0.049]
Northwest Territories	-2 638 (5 549) [0.024]	10 004 (3 446)** [0.175]	915 (721) [0.085]	2 050 (2 240) [0.027]

Table 8.83 (cont'd)
Factors affecting the value of large contributions from businesses

	PC	Liberal	NDP	All candidates
Yukon	-5 477 (7 223) [-0.036]	1 496 (4 526) [0.019]	-977 (954) [-0.064]	-2 396 (2 949) [-0.022]
Liberal	—	—	—	306 (440) [0.023]
PC	—	—	—	-107 (610) [-0.008]
Intercept	1 577 (6 598)	-3 987 (4 125)	-28 (851)	-109 (4 714)
R^2	0.50	0.27	0.14	0.46
Number of candidates	*295*	*295*	*295*	*885*

Source: Demographic data from Statistics Canada; Canada, Elections Canada (1988a).

Notes: See appendix A for explanation of variables. Entries in parentheses ( ) represent standard errors; entries in brackets [ ] beta weights; superscripts ** and * represent $p < .01$ $p < .05$ (two-tailed test); and † and ‡ represent $p < .01$ and $p < .05$ (one-tailed test), respectively. These notations are in descending order of probability such that ** also implies $p < .01$ (one-tailed test), etc.

Table 8.84
Factors affecting the value of large contributions from unions

	NDP	All candidates
Minister	—	-119 (458) [-0.0008]
Incumbent	-2 316 (1 245)‡ [-0.147]	-153 (291) [-0.022]
Vs. incumb.	-126 (608) [-0.012]	-34 (231) [-0.005]
Male	712 (578) [0.067]	194 (230) [0.025]
1984 % vote	21 320 (4 781)** [0.541]	3 783 (894)** [0.215]
Urban/rural	-3 (517) [0.000]	287 (168)‡ [0.062]
Number enumerated	0.036 (0.027) [0.099]	0.009 (0.010) [0.038]
Income	-0.058 (0.050) [-0.083]	-0.044 (0.017)** [-0.098]
Small contributions (unions)	0.402 (0.226)‡ [0.112]	0.657 (0.123)** [0.188]

Table 8.B4 (cont'd)
Factors affecting the value of large contributions from unions

	NDP	All candidates
Newfoundland	3 043 (2 125) [0.097]	600 (747) [0.030]
Prince Edward Island	1 167 (2 675) [0.028]	-175 (934) [-0.007]
Nova Scotia	-2 332 (1 867) [-0.093]	-554 (662) [-0.034]
Quebec	270 (1 493) [0.025]	-159 (523) [-0.022]
Ontario	1 413 (1 514) [0.140]	978 (525)‡ [0.150]
Manitoba	-4 435 (1 841)* [-0.197]	-535 (629) [-0.037]
Saskatchewan	-4 725 (2 021)* [-0.210]	46 (627) [0.003]
Alberta	-797 (1 626) [-0.047]	-1 (576) [-0.000]
British Columbia	-1 650 (1 868) [-0.107]	758 (562) [0.077]
Northwest Territories	2 425 (3 591) [0.042]	2 180 (1 238)‡ [0.058]
Yukon	1 773 (4 724) [0.022]	9 (1 630) [0.000]
Liberal	—	-2 691 (260)** [-0.412]
PC	—	-3 453 (355)** [-0.529]
Intercept	-1 756 (4 232)	2 017 (2 605)
R^2	0.27	0.30
Number of candidates	295	885

Source: Demographic data from Statistics Canada; Canada, Elections Canada (1988a).

Notes: See appendix A for explanation of variables. Entries in parentheses ( ) represent standard errors; entries in brackets [ ] beta weights; superscripts ** and * represent $p < .01$ $p < .05$ (two-tailed test); and † and ‡ represent $p < .01$ and $p < .05$ (one-tailed test), respectively. These notations are in descending order of probability such that ** also implies $p < .01$ (one-tailed test), etc.

NOTES

I am grateful to Leslie Seidle for his contribution to the text and the refinement of its basic argument.

1. In a survey of candidates for the Barbeau Committee, 72 percent of candidates in the 1965 election responded yes to the question: "Did you have any trouble financing your campaign?" (Canada, Committee 1966, 410). In addition, 73 percent agreed that "large contributors may corrupt a political party" (ibid., 417). The latter question was not asked about contributions to candidates.
2. This was the largest single category in the survey; the 55 items constituted one-third of all items reviewed (Greene 1991).
3. While Stanbury found that 295 individuals gave $2 000 or more to the PC party in 1988, this study found that only 136 individuals gave the same amount to PC candidates in the election of that year. The equivalent figures for the Liberals are 96 for the party and 55 for its candidates. The NDP party received 38 such contributions compared to 29 for its candidates. For the PC, Liberal and NDP parties, these represented, respectively, 11.3, 7.9 and 2.6 percent of the total amount of contributions from individuals (Stanbury 1991, chap. 5). For PC and Liberal candidates, these represented somewhat less: 6.2 and 5.9 percent of the total amount of contributions from individuals. At 3.4 percent of total contributions from individuals, NDP candidates were slightly more reliant on large contributions than their party. The number of contributions of $2 000 or more to parties outside election years drops by over half (ibid.). In addition, contributions from business of $10 000 or more constitute a considerable portion of PC and Liberal party revenue, but such contributions were almost non-existent for candidates.
4. Studies of contributions to U.S. congressional candidates and votes have not clearly demonstrated a link either (see Wright 1990).
5. Greene notes that "from the perspective of the newspaper reports on undue influence, however, a large donor would appear to be either an individual or corporation making a minimum donation in the $500–$1 000 range" (Greene 1991). Allegations may also potentially involve small contributions from a single source spread among several candidates in a given region or over several years. There were newspaper allegations of the former (see Greene 1991, appendix A, nos. 1, 2 and appendix B, nos. 4, 14). The category "other sources" in candidates' post-election returns was regarded as insignificant and was not included in this analysis. In many cases, especially for unions, contributions were made in goods and services and in money. These returns contain no estimate for the value of volunteer labour, which can be important for some candidates.

6. The 885 returns included one for Liberal candidate Emmanuel Feuerwerker, who withdrew but was still required by law to submit a return (Canada, Elections Canada 1988b, 3–85).

   One difficulty in this analysis is that candidate returns may not give an accurate account of the true sources of candidate revenue. Under the current system of disclosure, the source of contributions to a specific candidate can be obscured if they are made indirectly via a political party or constituency association. Such transfers from the party or association would also mask the size of contributions if they are composed of several contributions. The original source of such contributions would not appear on the candidate's financial return, making it impossible to connect the name of the donor to a specific candidate. The names of these donors would, however, appear on the party's annual financial return. According to party sources, very few centrally receipted contributions to the parties were destined to designated candidates. Nonetheless, there is considerable scope for this to occur since candidates received, on average, over $8 000 from constituency associations and their political party (table 8.2).

   Moreover, there is evidence that central receipting may have been used in a few provinces. Stanbury (1991, chaps. 6 and 12) indicates that all NDP candidates in British Columbia were required to direct contributions to the party's provincial office, which then transferred funds to candidates. According to the post-election returns of NDP candidates in that province, the number of contributions from individuals, businesses and unions to these candidates was relatively small, but the value of transfers from the provincial section of the NDP was high. The PCs in Quebec also centralized some of their financing, using the "Fonds du financement populaire," which then disbursed funds to candidates; candidates reported these payments as transfers from the "fonds" or the party, thus obscuring the original source of contributions routed in this way.

7. There may be more such contributions because they were not the subject of an exhaustive search by the author.

8. Power Corp. gives many political donations; see Austen (1990).

9. Many NDP candidates may have followed their party's policy of not accepting or seeking donations from large businesses.

10. Figures also cited in Stanbury (1991, chap. 12).

11. Stanbury (1991) indicates that the cost of mass fund-raising through direct mail can be quite substantial. Though few local campaigns use direct mail, contacting few large donors can be expected to take less time than contacting many small ones.

12. Since individual candidates (and not all the party's candidates) are the focus of analysis, this figure represents an average of the dependence of all PC candidates (large contributions divided by the total revenue for each candidate). It does not represent total large contributions [illegible] the total revenue for the party, which is a slightly different meas[illegible]

13. Similar variables regarding electoral vulnerability and influence are used by American studies of contributions to candidates (Grenzke 1989, 245).

14. This is entirely unlike the situation in the United States, where incumbency is a crucial factor in Political Action Committee (PAC) donations, even when controlling for indices of power and electoral success (Grenzke 1989, 255).

15. The explanatory power of these relationships is comparable to a similar U.S. study in which "between 11 and 38 percent of variation of the PACs contributions" was explained (Grenzke 1989, 260). There are several reasons to expect that the strength of these findings in Canada, explaining between 6 and 50 percent of the variation in large contributions, would be lower than in this U.S. study. First, U.S. elections are centred on candidates and not on parties as in Canada, so the traits of Canadian candidates, such as incumbency and fund-raising ability, might be expected to be less important than partisanship. Second, U.S. PACs often attempt to be systematic in deciding the criteria for allocating their contributions (ibid., 251), but there is no reason to expect to find such rational allocation of contributions to candidates in Canada.

16. U.S. studies also suggest that friendships and candidate aggressiveness in pursuing contributions are important in the allocation of contributions (Grenzke 1989, 246). With regards to friendships, one U.S. study found that "personal friendships between incumbents and PAC officials influence some of the contribution decisions for a majority of the PACs. Such decisions are made without regard to the friend's power, party affiliation, voting record or the electoral competition" (ibid., 259). Though friendship and candidate aggressiveness cannot be measured directly and defy the application of "rational" criteria in the allocation of large contributions, the present study provides some evidence of the positive impact of candidate aggressiveness in Canada using the fund-raising of small contributions.

17. A survey of constituency presidents for a Royal Commission study indicated that a considerable number of respondents reported using the services of "outsiders" who were paid by a trade union (Carty 1991). Stanbury (1991) found that NDP candidates received a greater portion of their donations in goods and services and devoted more of their revenue to salaries than candidates of the PC or Liberal parties.

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9

ECONOMIC ANALYSIS OF THE FUNDING OF POLITICAL PARTIES IN CANADA

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THIS STUDY EXAMINES certain economic aspects of political party funding. It covers such issues as the importance of the government's role as a regulatory and funding body, electors' reasons for making contributions and the impact of potential changes on the funding system. The possible changes analysed in this study relate mainly to increases in individual contributions to political parties.

The subjects dealt with are not linked by any particular logic, apart from the fact that they all concern ways of funding parties and candidates. The first section puts the problems of party funding into perspective and deals with the scope of current mechanisms to regulate funding, while the second section describes the consequences of some changes in regulatory mechanisms, especially limiting some sources of financial contributions.

The third section concentrates on individuals' reasons for contributing to party funding and assesses their satisfaction with the present system. A national survey enabled us to identify individuals' main reasons for contributing and their reactions to various incentives to donate to parties and candidates. The analysis of these results and their impact on political funding and on the government's contribution are considered in the last section.

FINANCIAL REGULATORY MECHANISMS

Dynamics of Financial Regulatory Mechanisms

The main financial regulatory mechanisms deal with fund-raising and expenses. They consist of:

Fund-raising

- limits on contribution sources, sizes and types;
- fund-raising subsidies; and
- mandatory disclosure of funding sources and amounts.

Expenses

- limits on the sizes and types of election expenses;
- expense subsidies; and
- mandatory disclosure of expenses.

This study concentrates on the economic analysis of fund-raising, especially contribution limits and fund-raising subsidies. Mandatory disclosure of funding sources is not studied in depth. The main mechanisms are shown in detail in table 9.1.

We wanted to ascertain the importance of tax credits to political party funding. To make an accurate calculation, it would have been necessary to distinguish between credits granted for donations to parties and credits granted for donations to candidates; however, these figures are not available. We therefore established the relationship between total tax credits claimed and total party revenue (table 9.2). The ratio (or estimated share) of public financing to funds collected is relatively constant and on average amounted to about 30 percent of party revenue from 1981 to 1988.

Political funding is determined by the actions of several players whose behaviour influences the behaviour of the others. The level and extent of party and candidate funding depend on several entities: government, parties, candidates and their fund-raisers, donor businesses and citizens, and, in general, the entire electorate.

First, the government inevitably influences the level of party funding through the regulatory mechanisms it applies and the means of funding it makes available to parties. For example, a decision to change the conditions of reimbursement of party expenses would significantly affect the parties' financial positions. Such a decision would also influence the behaviour of other players. Money that the state does not spend to reimburse expenses could, for example, be used to increase tax

Table 9.1
Main financial regulatory mechanisms in Canada

Type of regulation	Regulatory mechanism
Registration and responsibility	Parties and candidates must appoint an officer to be responsible for their income and expenses. Registration gives the parties privileges.
Expenses	Ceilings are imposed on party and candidate expenses, based on the number of names on the voters list, adjusted for inflation (the CPI) and adjusted according to the size and population density of the constituency. Current restrictions on the expenses of third parties have been judged contrary to the Charter; thus individuals and interest groups can have election expenses.
Disclosure	Parties and candidates must make a detailed disclosure of funding sources (contributions of more than $100), annual expenses and election expenses. Riding associations are not obliged to submit details on funding and expenses.
Contributions	There are no restrictions on contribution sources or sizes. All contributions by individuals, organizations or associations may be accepted. Only contributions in cash or negotiable instruments are accepted. Anonymous donations must be sent to the Receiver General. Cash donations must not exceed $25. There are no restrictions on foreign contributions or transfers within a party.
Direct subsidies	Provided that registration and reporting requirements are met, parties and candidates are eligible for two types of reimbursement: *Candidates:* 50% of election expenses up to 50% of the limit, subject to receiving 15% of the votes; *Registered parties:* 22.5% of election expenses, subject to having spent more than 10% of the limit.
Tax credits	Tax credits applying to contributions: $500 maximum, reached with a contribution of $1 150.

credits and perhaps to change the behaviour of donors, non-donors or fund-raisers. The power relationship between certain candidates and parties might also change.

The government's role is very important. Its duties make it responsible for putting financial regulatory mechanisms in place, doing so within appropriate limits, exercising control and optimizing its total monetary contribution.

Government's overall task continues to be complex and delicate. The regulatory and funding measures put in place must be coherent and

Table 9.2
Government contribution to funding of political parties by tax credits

		Revenues of the parties as a whole ($000)	Tax credits paid by the government* ($000)	Tax credits as percentage of party revenue
1981		18 899	5 440	28.8
1982		22 716	6 835	30.1
1983		32 394	8 999	27.8
1984		44 862	15 183	33.8
	4-year cycle	118 871	36 457	30.7
1985		31 565	9 878	31.3
1986		40 646	10 770	26.5
1987		34 695	8 468	24.4
1988		58 364	18 848	32.3
	4-year cycle	165 270	47 964	29.0

Sources: Canada, Elections Canada (1985, 1988); Stanbury (1990); and Revenue Canada for the tax credits.

Note: The figures in this table include tax credits applicable to contributions given to both parties and candidates during election periods.

*The tax credit reimbursement varies depending on the donor claim rate.

fair, and provide for healthy competition between parties and candidates. When adopting control standards or adding a new intervention mechanism, it is difficult to know if the scheme will work in practice. It is also difficult to estimate the impact of a new measure on all who have a stake in the matter and on their subsequent behaviour. Furthermore, the financial regulatory measures in force in Canada and several other countries were generally established long ago and have not been adapted to economic, social or political changes.

Under the government's rules, parties and candidates assume the main responsibility for the success or failure of their fund-raising campaigns. Sums raised during election campaigns are directly proportional to party and candidate efforts and must be distributed to best advantage among various political activities.

Finally, donors, whether businesses or individuals, and voters are also active at the level of party and candidate funding. The way donors contribute is influenced more by politics than economics. The decision to contribute and the size of donations also depend on a donor's knowledge of and interest in politics. In addition to being able to contribute directly, voters can play two other roles in the process – stimulate fund-raising campaigns and apply pressure to have the funding rules changed. In the first case, an elector's decision to give financial support to a party or candidate can encourage family and friends also to contribute and can be used as an example by fund-raisers. In addition, if a large part of the population is dissatisfied with the performance of a party or candidate, this will negatively affect donor behaviour. In the second case, strong pressure by voters to change the funding rules – for example, to alter the tax credit reimbursement scale – could also affect the allocation of public funds.

Other external factors influence the funding of political activities. Among them is the economic and political climate. During a recession, for example, fund-raisers have to work harder. Political uncertainty can also restrict the number or size of contributions to parties and candidates.

Each financial regulation system affects the management and funding of parties and candidates differently. For example, a party's allocation of resources will depend on its contribution and expense limits. In general, the less its chances of attracting contributions, the more intense party financing activities will have to be. While a party's human and monetary resources are devoted to fund-raising, they cannot be used for other activities; there is thus an opportunity cost associated with changing the contribution limits, and it can be high.

Raising the expense limits can also increase fund-raising activity. However, the reasons cited are very different: authorized to spend more, parties and candidates have to look for new sources of funding in order to stay competitive and, at the same time, maintain a healthy financial position. The expense limit directly influences the total cost of the electoral system. In the United States, for example, since the Supreme Court declared it unconstitutional to impose expense limits except when tied to public funding, election costs have escalated dramatically. In U.S. Senate campaigns between 1976 and 1986, electoral expenses increased by 370 percent in nominal terms, or 144 percent in real terms; in the House of Representatives, expenses rose by 219 percent in nominal terms and 65 percent in real terms. For presidential elections between 1976 and 1988, expenses increased by 213 percent in nominal terms and 50 percent in real terms (Wertheimer 1987).[1] When limits increase, additional expenses are not necessarily justified; it can therefore be considered that the lower the expense limit (over a reasonable interval), the more carefully the funds will have to be used.

In addition to setting limits, the government has a direct effect on party and candidate budgets by reimbursing part of their expenses. Public funding distributes the financial burden of the parties and candidates between the government and donors.

In conclusion, spending and contribution limit policies must form a coherent whole; if not, it becomes possible to circumvent them. Furthermore, spending limits must take into account the cost of modern communications media, which in turn can discourage adherence to these policies.

Economic Value of the Political Funding System

Financial regulatory mechanisms entail real costs and gains for the government, parties and candidates. To attach an economic value to the present funding system, we made an estimate of these costs and benefits.

The government makes its financial contribution to the political process chiefly through two subsidies: reimbursement of party and candidate expenses, and tax credits. The reimbursement to parties and candidates applies only to election expenses, while tax credits are granted continuously by the government to encourage contributions to parties and, during election periods, for contributions to candidates.

The government's contribution to election expenses in 1988 amounted to an estimated $27.5 million, which accounts for 43 percent of funding for party and candidate expenses (see table 9.3). In 1984, the government's share of electoral funding was also 43 percent. This percentage is based on different calculations. First, we included in the parties' actual election expenses both their declared election expenses and any significant variations in their "nonelection" expenses during the election year. We estimated that variation using a four-year moving average. Taking that adjustment into account, total election expenses for parties and candidates reached $63.4 million in 1988. To estimate the government's financial contribution, we standardized tax credits to account for donations to parties being credited continuously and donations to candidates being credited only during election periods. According to our calculations, tax credits applicable to election expenses were estimated at $8.8 million in 1988, bringing to $27.5 million the government's total contribution to election expenses.

Between 1985 and 1988, the government's contribution in the form of reimbursements and tax credits was estimated at 31 percent of parties' and candidates' expenses (see table 9.4).

The estimate of the government's contribution as it appears in tables 9.3 and 9.4 does not, however, include the market value of free air time in election periods. Is this value significant in relation to the government's

Table 9.3
Share of public contributions in funding the expenses of parties and candidates during election periods

	1988		1984	
	$000	%	$000	%
Election expenses, as reported	22 426		17 618	
Increase in the parties' nonelection expenses[a]	7 964		13 866	
Total party expenses	30 390		31 484	
Candidate expenses	33 074		25 635	
Total party and candidate expenses	63 464	100.0	57 119	100.0
Reimbursements to parties	4 959		3 918	
Reimbursements to candidates	13 735		11 171	
Political contribution tax credits[b]	8 813		9 665	
Total government contribution	27 507	43.3	24 754	43.3

Source: SECOR estimate based on reports of the chief electoral officer.

[a] SECOR estimate, based on a four-year moving average, not centred.

[b] SECOR estimate, based on the following formula: Total party expenses, including the increase estimated using the moving average, multiplied by the parties' tax credit /revenue ratio, which corresponds to the four-year cycle. Example for 1988: 30 390 × (47 964/165 270) = 8 813.

direct monetary contribution? Table 9.5 gives an estimate for the public and private networks in 1988. The value of radio time is relatively low – less than $200 000 if no market value is attached to CBC radio, which does not sell advertising. The market value of television is high, amounting to between $250 000 and $2.1 million, depending on the network. The free television air time was estimated to have a value of $6.1 million. Compared with the government's contribution for the 1988 election, this is a large sum: it amounts to 22.3 percent of public funds devoted to financing parties and candidates. Over all four years, however, the value of the television air time is less significant, being equivalent to 9.2 percent of the government's contribution to political funding between 1985 and 1988.

Compared with other countries, Canada occupies a middle position, both for the amount of election expenses and for the government's relative share in election funding (see figure 9.1). The share of public funding and the amount of the expenses per elector are, for example, similar in two other Commonwealth countries, Australia and Great Britain. In those two countries, as in Canada, an election involves rather low

Table 9.4
Share of public contributions in funding the expenses of parties and candidates (four-year cycle)

	Cumulative expenses ($000)	%
Expenses of all the parties		
1985	31 467	
1986	40 941	
1987	37 271	
1988	47 180	
Election*	22 426	
Parties' expenses for a 4-year-cycle	179 285	
Candidates' election expenses – 1988	33 074	
Total candidate and party expenses	212 359	100
Total government contribution to the parties and candidates: reimbursement of expenses and tax credits, 4-year cycle	66 658	31.4

Sources: Canada, Elections Canada (1985, 1988); and Revenue Canada for the tax credits.

*These figures exclude by-election expenses.

Table 9.5
Estimate of the market value of free air time, 1988 election

Media	Minutes	Estimated value (in 1988 dollars)
Radio		
CBC-AM English	120	N/A
CBC-AM French	120	N/A
Radiomutuel	62	95 000
Télémédia	62	74 500
Total		169 500
Television		
CBC English	214	2 071 407
CBC French	214	1 840 400
CTV	214	1 636 190
TVA	62	250 000
Quatre Saisons	62	347 000
Total		6 144 997

Source: Estimates provided by the staff of each station.

N/A = not applicable.

expenses per elector – less than $5; the government's financial support to political funding is also in the moderate range. For those countries, the relative share of private contributions in total electoral activity funding is approximately 60 percent (Great Britain is similar to Canada and Australia if the commercial value of free air time is taken into account). The U.S. electoral system leads to higher expenses per elector, and the government contribution to political funding is relatively low. The scale of the U.S. federal electoral process, with its three election levels (House, Senate and presidency), may partially explain this situation. Finally, Germany differs from these other countries both in its high election expenses per elector (more than $15) and in its proportionately greater government financial contribution.

ANALYSIS OF THE IMPACT OF CHANGES TO THE LIMITS ON CONTRIBUTIONS TO PARTIES

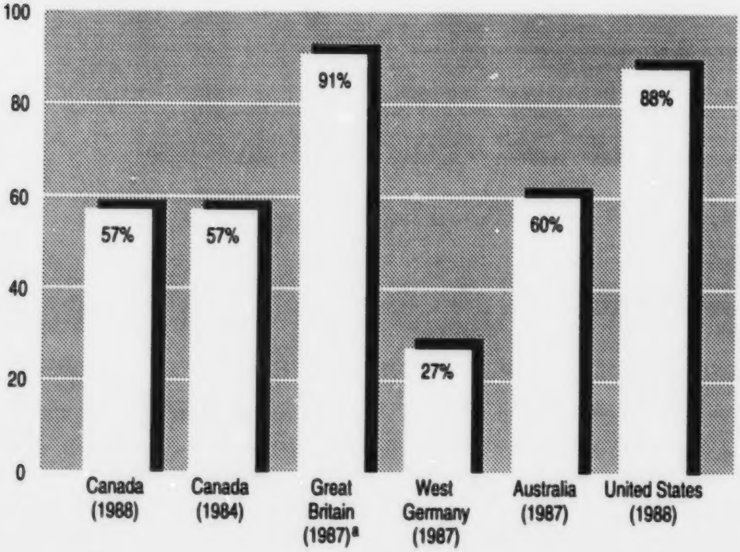
The Significance of Large Contributions and High Fund-raising Costs

Given the current impact of the political funding system, questions can be asked about what effect a change in funding rules would have on parties and candidates. For example, could certain existing sources of funding be prohibited without harming parties and candidates? Or would the withdrawal of these sources lead to fairer and healthier competition between parties? In Quebec, the only Canadian province that bars those other than electors from making contributions, popular funding mechanisms have greatly contributed to the dynamism of political organizations.

It is difficult to assess precisely how a change in the rules would affect certain variables and players in the political system because they influence each other regularly and permanently. To alleviate this problem, we can employ an analysis assumption frequently used in economics, that of "ceteris paribus," or "all other things being equal."[2]

An initial consideration deals with capping private contributions (individual and corporate). This variable touches a raw nerve, to judge from the importance of large contributions, especially to the Progressive Conservative party and the Liberal party (see table 9.6). In 1988, corporate contributions of $10 000 or more made up 28.0 percent of the contributions to the Conservative party and 29.6 percent of contributions to the Liberal party. In general, businesses contributed 58.4 percent of Conservative revenues and 64.0 percent of Liberal revenues. Trade union contributions to the federal New Democratic Party (NDP) accounted for 14.5 percent of the party revenue in 1988 and 20.5 percent in 1984. Those contributions would look even bigger if their share in fund transfers from provincial party organizations were measured.

Figure 9.1
Individual donations as a proportion of total election funding, selected democracies



Countries	Air time[b]
Canada (1988)	CBC free, as well as other networks
Canada (1984)	—
Great Britain (1987)	Entirely free
West Germany (1987)	Entirely free
Australia (1987)	ABC free
United States (1988)	Paid time

Notes: The systems vary significantly in terms of reporting requirements and indirect subsidies (media, mail, etc.). Comparisons of the relative share of governments and parties are therefore difficult.

[a] If the market value of free air time were included in the public funding component for Great Britain, the proportion of private funding would drop from 91% to less than 50%.

[b] Market value of air time is not included.

In addition to their importance to party funding, large contributions have the advantage of costing little in fund-raising, at least in terms of out-of-pocket expenses. In general, fund-raising costs about 10 percent of the sum collected – the professional fund-raisers' rule of thumb is 10 to 12 percent for charity drives. In 1988, a survey of 46 campaigns in the United States estimated that, on the average, fund-raising cost 7.8 percent

Table 9.6
Source of financial contributions of political parties

	Source of the contributions (in % of the total contributions to the parties)					
	1988			1984		
	PC	Lib.	NDP	PC	Lib.	NDP
Individuals donating $2 000 or more	4.7	2.8	n.a.	5.1	0.8	n.a.
All individuals	41.5	35.9	41.8	48.0	49.1	39.5
Businesses donating $10 000 or more	28.0	29.6	n.a.	20.6	22.4	n.a.
All businesses	58.4	64.0	1.4	52.0	50.7	0.5
Trade unions	0.0	0.0	14.5	0.0	0.0	20.5
Provincial structures	0.0	0.0	32.8	0.0	0.0	30.0
Other sources	0.1	0.1	9.5	0.0	0.0	9.5

Sources: Canada, Elections Canada (1985, 1988); Stanbury (1990).

n.a. = not available.

of the total amount collected (Plawin 1988). In that survey, the average campaign raised $53 million. The largest amount was collected by the American Red Cross ($972 million, with fund-raising costing 3 percent of the total), and the smallest by the Literacy Volunteers of America ($1.03 million, with fund-raising costing 5 percent of the total). The cost of fund-raising varied greatly, from 1.5 percent of the total collected (National Kidney Foundation, revenue of $3.3 million) to 33 percent of the total (Epilepsy Foundation of America, revenue of $8.8 million). These data were drawn from U.S. charity drives and cannot, therefore, be applied directly to Canadian political campaigns.

Fund-raising officials for Canadian political parties told us they thought that large donations – from major corporations for example – cost nothing in fund-raising, whereas, at the other extreme, direct-mail fund-raising in a difficult political period can cost as much as it collects. Professional fund-raisers say that public canvassing generally costs about 10 percent more than soliciting major donations. It could cost, for example, 15 percent of public campaign contributions and 5 percent of major donations, or 12 percent of total receipts. (See table 9.7, which shows these fund-raising costs applied to the Liberal and Progressive Conservative election campaigns of 1988.)

It is worthwhile to use these rules to assess the potential effect of a cap on contributions. The following section presents two hypothetical changes to the current limits.

Table 9.7
Estimated fund-raising costs
(dollars)

	Conservative	Liberal	Total
Contributions by corporations giving $10 000 or more	6 871 000	3 906 000	10 777 000
Additional cost of raising equal sums from the public	687 100	390 600	1 077 700

Sources: Reports of the chief electoral officer and calculations in Stanbury (1990).

Impact of Changes to Contribution Limits

Let us suppose that corporate contributions are prohibited, as in Quebec. With the extra cost and effort required to collect the same amounts, would it be possible to remain effective? Table 9.8 shows the minimum impact of prohibiting corporate donations to parties. If it is assumed that parties would want to make up for the lost revenue, and if we apply the rule of 10 percent, it would take about 310 000 more individual donors, or 1.5 times the current number of individual donors, to make up for the loss to all parties. Can this be done?

In 1988, 1.6 percent of electors were individual donors – out of 100 electors, almost two contributed money to a party. Adding 310 000 more individual donors would bring that figure to 2.5 percent of electors. The situation in Quebec (see figure 9.2), where only individual donors can finance parties, indicates that an average of 2.4 percent of Quebec Liberal party and Parti québécois voters made party contributions. For the Parti québécois, the figure was close to 5 percent in 1989. Furthermore, in Canada, contributions to the New Democratic Party corresponded to 4.4 percent of its voters in 1988.

It should be noted that these percentages were calculated under two assumptions. First, that in Quebec, each donor makes only one contribution per year, the estimate of the percentage of donor voters being based on the number of tax receipts issued to individuals and not on the number of contributions. Second, it was assumed that donors contribute only to the party they vote for. We think these two assumptions are reasonable, and we do not believe that they would change the results significantly if they proved unfounded.

Table 9.9 presents a less radical scenario, in which only corporate contributions exceeding $10 000 would be banned. If the previous assumptions are used (it costs 10 percent more to get as much revenue from individual donors, and the average individual donation remains constant) the Liberal and Conservative parties would have to collect

Table 9.8
Minimum impact of a ban on corporate contributions to parties

	1988				1984			
	PC	Lib.	NDP	Total	PC	Lib.	NDP	Total
1. Corporate contributions ($000)	14 361	8 463	10 019	32 843	11 004	5 372	2 394	18 770
2. Additional individual contributions required to obtain the same revenue ($000)*	15 797	9 309	11 021	36 127	12 104	5 909	2 633	20 646
3. Average individual contribution	188.92	156.13	66.26	N/A	108.83	178.31	51.93	N/A
4. Number of additional donors required (2) ÷ (3)	83 616	59 623	166 329	309 568	111 218	33 140	50 703	195 061
5. Current number of individual donors	53 893	30 642	118 390	202 925	93 199	29 056	80 027	202 282
6. Line 4 as a % of the votes	1.5	1.4	6.2	2.5	1.8	0.9	2.1	1.6
7. Line 5 as a % of the votes	1.0	0.7	4.4	1.6	1.5	0.8	3.4	1.7

Source: Canada, Elections Canada (1985, 1988).

*Assuming that it costs 10 percent more to solicit contributions from individuals than from legal entities.

N/A = not applicable.

about $12 million more from the public to maintain their revenue levels. To collect that much in individual donations, the Liberal and Conservative parties would require about 68 000 additional donors, which would mean increasing their 1988 number of individual donors by 80 percent.

In sum, changing funding rules and control mechanisms could significantly affect party and campaign management and financing. The scenarios presented here show that banning current financing sources could have a considerable impact on party budgets. Any decision to change the rules must therefore be studied thoroughly. Replacing funding sources by seeking additional individual contributions, for example, could prove a difficult task for political parties.

Finding more individual donors does seem possible, at least in part. A better understanding of elector behaviour, however, is required. The next section looks at the question of Canadian voters' motivations

Table 9.9
Impact of a ban on corporate contributions of more than $10 000

	1988			1984		
	PC	Lib.	Total	PC	Lib.	Total
1. Corporate contributions of $10 000 or more ($000)	6 871	3 906	10 777	4 362	2 370	6 732
2. Additional contributions required to obtain the same revenue ($000) (1) × 1.1	7 558	4 297	11 855	4 798	2 607	7 405
3. Number of additional individual donors required assuming that the amounts are completely offset by individual donations*	40 006	27 522	67 528	44 087	14 621	58 708
4. Line 3 as a % of votes	0.7	0.6	0.7	0.7	0.4	0.6
5. Line 3 as a % of current individual donors	74.2	89.8	79.9	47.3	50.3	48.0

Source: Stanbury (1990).

*Assuming that the average level of individual contributions remains constant.

in the political system and their behaviour when contributing to parties and candidates.

ELECTORS AND THE FUNDING SYSTEM

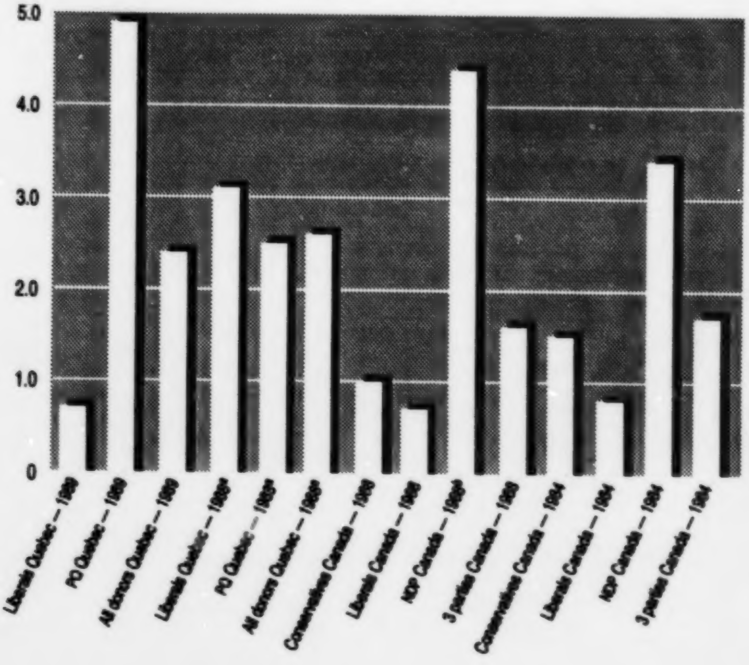
The Share of Electors' Contributions in Political Funding

It is generally agreed that it is more appropriate and more democratic to leave the political system to electors, parties and candidates. Without getting into the debate on corporate participation in the funding of parties and candidates, it seems useful to examine whether the share of individual financial contributions to the political system has increased over the years. As shown in figure 9.3, average contributions from individuals have been declining for 15 years, from almost 60 percent of total funding in 1975 to about 45 percent in 1989.

In March 1991, citizens in different regions of the country were surveyed, not to assess the relative evolution of individual political contributions, but to get a better understanding of what prompted electors to contribute in recent years. The study had four main objectives:

- to identify the reasons for individual contributions;
- to develop substitute contribution models;

Figure 9.2
Individual donors as a percentage of the vote



Notes: The donor percentage among Quebec electors is based on the number of receipts issued to individuals and not on the number of contributions. We estimate that the number of donors should be slightly lower than the number of receipts issued.

[a] Based on the 1989 election results.

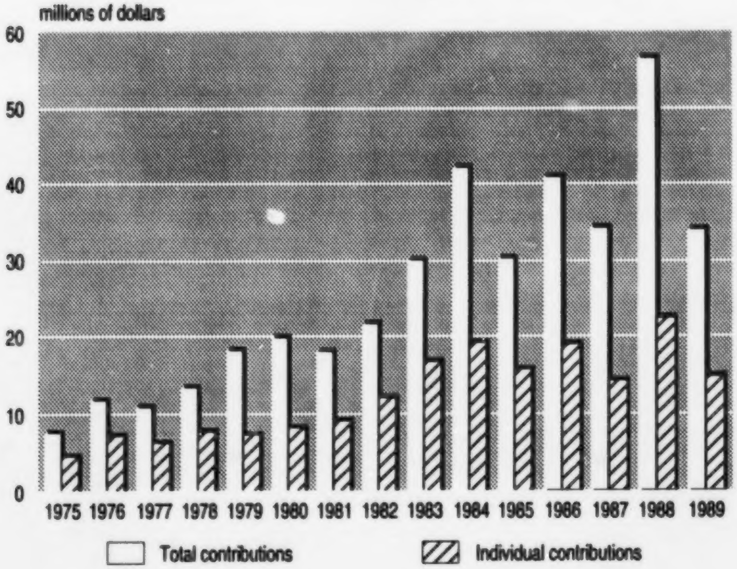
[b] NDP Canada includes Quebec.

- to test these models with Canadian donors, non-donors and fund-raisers; and
- to assess the economic impact of the substitute models for the government, parties and candidates.

This section concentrates on the first objective, to identify the reasons influencing individuals' decisions to contribute and the size of their contribution under the current tax credit system. The section that follows deals with alternative models and their impact.

To reach these objectives, the survey used a qualitative exploratory approach. In March 1991, 12 discussion groups that included 37 donors, 37 non-donors and 37 party fund-raisers were convened in Toronto, Halifax, Montreal and Calgary. The small sample (a total of 111 people)

Figure 9.3
Changing proportion of individual contributions in political funding



Source: Stanbury (1990).

calls for caution in interpreting the results, especially in applying them to the whole population studied.

The donors and non-donors were recruited according to the following criteria:

- in the case of donors, half the participants must have made at least one contribution to a federal political party or candidate in 1990, 1989 or 1988;
- in the case of the non-donors, recruitment was based on gross household income (three categories), the age of the individuals (three categories) and sex (two categories); and
- donors and non-donors must have had some income in 1990 and not have been personally or systematically opposed to financial contributions to political parties.

The Conservative, Liberal, New Democratic and Reform parties supplied the research team with lists of fund-raisers.

Behaviour of Canadian Electors in the Political System

Our work with the participants involved a preliminary round of statements and group discussions; individual written exercises on their reasons for contributing or not contributing and on their knowledge and use of tax credits; and testing contribution models as substitutes for the current tax credit system. The written exercise, which was completed before the group discussion, showed that participants' desire to support a party was their main reason for contributing (table 9.10). Three other motives, almost equal in importance, followed: the desire to maintain a democratic system, the possibility of obtaining a tax credit and the desire to support a candidate. Incidentally, being canvassed had relatively little impact on the decision to contribute. Finally, greater access to politicians as a result of making a contribution was not among the main reasons for contributing.

The group discussions that followed the written exercise produced relatively similar results, on the whole. The main differences were the importance of tax credits as a factor encouraging contributions and of contributions as a means of access to politicians. In brief, the group discussions revealed that the desire to support a party or candidate or to protest against the party in power was the main reason for contributing. Fund-raisers' credibility was also significant to individual decisions to contribute, as was the benefit secured by a donation to a political party or candidate. Finally, obtaining a tax credit was not one of the main reasons for giving, although it did have a significant impact on the size of the contribution.

For the non-donors, the primary reason for not contributing to a political party or candidate was limited income (table 9.11). Second was the meagre personal or social benefits gained through contributing and scant interest in supporting a party or candidate. The non-donors tended to have a marked preference for donating to charities. In general, they thought that the current political parties do not reflect the interests of Canadians, that they lack integrity and openness in administering the funds they raise, and that they already receive enough support from business. The scope of the support candidates receive from various organizations and their lack of control over expenses also made participants reluctant to give. Finally, never having been canvassed could help explain non-donors' behaviour.[3] These results were verified during both the group discussions and the individual written exercises.

Non-donors did not say they refused to contribute because they feared having their names disclosed, or because the tax credits were inadequate or because they were ignorant of the tax credit formula.

Table 9.10
Donors' reasons for contributing to parties or candidates (individual written exercise before group discussion)*

	Toronto	Halifax	Montreal	Calgary	Total participant responses
Desire to support a party	86	57	58	65	266
Maintaining democracy	9	33	54	37	133
Obtaining a tax credit	36	26	17	51	130
Desire to support a candidate	38	40	26	25	129
Collective benefit	27	46	23	25	121
Personal benefit	10	45	0	0	55
Canvassing by party worker	0	22	8	18	48
Duty as a citizen	9	19	9	9	46
Canvassing by acquaintance	9	7	20	0	36
Easier access to politicians	0	13	8	8	29

*Total of the individual scores in ranking the reasons for contributing to federal political parties or candidates (most important = 10 points, second in importance = 9 points, etc.).

The current donors could be induced to give more regularly or to increase the value of their financial contributions to parties and candidates if:

- parties and candidates were more honest and forthcoming;
- there were better causes to defend (for example, the environment); and
- parties and candidates were more financially responsible.

A change in the current tax credit structure, as well as publicity to inform the public about how parties spend their money, would encourage people to contribute more, according to the donors. The fund-raisers said that special events, such as benefit dinners, would increase donors' contributions.

In the case of the non-donors, they could be induced to contribute to parties or candidates by:

- greater openness about how funds are used;
- the conviction that money they donate would be well used – that it would not enrich parties and candidates unduly; and

Table 9.11
Reasons for not contributing to parties or candidates (individual written exercise before group discussion)*

	Toronto	Halifax	Montreal	Calgary	Total participant responses
Personal income	47	36	17	55	155
No associated personal or social benefit	55	27	20	28	130
Never canvassed	39	18	38	28	123
Government and not individual responsibility	35	41	7	9	92
Others	10	19	10	39	78
Ignorance of the tax credit formula	16	15	15	16	62
Ignorance of politics	17	5	9	29	60
Inadequate credit scale	0	33	17	8	58
No specific reason	8	29	0	8	45
Fear of having name disclosed	0	14	0	0	14

*Total of the individual scores in ranking the reasons for not contributing to federal political parties or candidates (most important = 10, second in importance = 9, etc.).

- more information on the overall system of financial regulatory mechanisms – for example, on the maximum authorized expenses for the parties and candidates.

The group discussions and written exercises were also designed to test the participants' knowledge and use of tax credits. Most of the non-donor participants knew that individuals can claim tax credits, as did the donors. Despite this knowledge, some donors had not claimed the tax credit. The participants said they would claim a tax credit for contributions over $100, but were less likely to claim for smaller sums. The reasons most frequently given for not claiming tax credits were simply forgetting, losing the official receipt, and that the amount was too small to bother with. To counter the first two reasons, some fundraisers suggested a system to send out all tax receipts at the same time, just before the tax return deadline.

The structure of the current tax credit system directly influences the size of contributions. This applies both to those who claim their credits and to those who do not. It is much easier to calculate tax credits for contributions of $100 or less since there is only one percentage to calculate – 75 percent of the contribution.[4] Some individuals donate only smaller amounts to avoid complicated calculations. In addition, the first $100 ceiling on the present scale has a big psychological effect on the size of contributions. That factor was noted during the discussions with groups of donors. For one-third of them, the most recent contribution was exactly $100.

Donors' behaviour in claiming tax credits is summarized in table 9.12.

It can therefore be seen that both donors and non-donors would contribute more if they received more information on the political and financial activities of parties and candidates. Our participants also said that fund-raising activities could be better developed, and that parties and candidates would benefit from paying more attention to the causes Canadians hold dear and concentrating their fund-raising efforts on those issues.

Changes in the current tax credit scale could also motivate present donors to give more regularly or increase their contributions. This is demonstrated in the next section, which reviews the reactions of donors, non-donors and fund-raisers to alternative tax credit models. To avoid influencing their statements, these models were presented to the participants only after they had stated their impressions of the current system and their reasons for contributing or not contributing.

Table 9.12
Donor participants' contribution amounts and tax credit claim rate

City	Contribution < $100	Number of individuals who claimed the tax credit	Contribution = $100	Number of individuals who claimed the tax credit	Contribution > $100	Number of individuals who claimed the tax credit
Toronto	4	3 = always 1 = never	4	4 = always	2	1 = always 1 = often
Halifax	1	1 = always	5	5 = always	2	1 = always 1 = sometimes
Montreal	8	3 = always 1 = often 2 = seldom 2 = never	1	1 = always	2	2 = often
Calgary	6	3 = always 1 = often 1 = seldom 1 = don't know	3	3 = always	2	1 = always 1 = often

ANALYSIS OF ALTERNATIVE TAX CREDIT SYSTEMS

Description of Alternative Systems

The first objective of this section is to study how a potential change in the tax credit scale might affect the behaviour of electors, whether or not they are donors. The second objective is to analyse the impact of such a behavioural change on party and candidate funding and on government contributions.

Three alternative models to replace the current tax credit system were proposed to the participants in this survey: a change in current tax credits, matching grants and a combination of these two options.

Let us define the current tax credit system as model 1, with the following terms:

Model 1 Current Tax Credit System

Amount of contribution	Tax credit granted
Up to $100	75 percent of the contribution
From $100.01 to $650	$75 plus 50 percent of the amount of the contribution exceeding $100
From $650.01 to $1 150	$350 plus 33.3 percent of the amount of the contribution exceeding $650
More than $1 150	Maximum credit: $500

Model 2 Modification of the Tax Credit

Amount of contribution	Tax credit granted
Up to $100	75 percent of the contribution
From $100.01 to $1 250	$75 plus 50 percent of the amount of the contribution exceeding $100
More than $1 250	Maximum credit: $650

Model 2 differs from the current tax credit system in that it reduces the number of contribution levels: for contributions exceeding $100, there are only two levels. In addition, the maximum contribution is increased from $1 150 to $1 250. Finally, the maximum credit granted by the government rises from $500 to $650 per individual.

Model 3 is a matching grant system in which the government makes a grant that matches the donor's contribution to the candidate or party chosen by the donor, up to $650. Instead of contributing to party or candidate funding by subsidizing donors, then, the government would finance the expenses of the parties or candidates directly, just as it reimburses part of their election expenses. At present, as table 9.13 shows, the government ties its financial contribution more to the fund-raising effort than to the expenses of parties and candidates. There is a breakdown of its total financial contribution for the cycle ending in 1988: 72 percent for tax credits and 28 percent to reimburse the expenses of the parties and candidates.

With model 3, the government's share is also changed because its contribution is equal to the total amount (100 percent) paid by a donor, rather than to part of that amount (which is, for the tax credits, a maximum of 75 percent). It should be mentioned that, as with model 2, the maximum is set at $650 per person.

Model 4 is a mixed formula that combines matching grants and tax credits. The tax credit of 75 percent is applicable only to the first $100 and is combined with a government contribution equal to 50 percent of the amount exceeding $100, up to $1 250. This model differs from model 2 in that it allows a tax credit only on the first $100 of a contribution, which is equivalent to a maximum of $75. It differs from model 3 in that the government contribution applies only above $100 and to 50 percent rather than to the entire amount. As with models 2 and 3, the government's maximum payment does not exceed $650 per individual contribution.

The survey participants were asked to judge the proposed alternative models and give a ranking according to preference:

1. the changed tax credit model (model 2);
2. the current tax credit system (model 1);
3. the matching grants model (model 3); and
4. the mixed formula (model 4).

The participants preferred model 2, the changed tax credit, over the current system because it had a simplified scale and a more attractive and easier-to-calculate tax credit. However, most of the participants recognized that if they had been presented with this formula when they last contributed, they would have given the same amount.[5] Although they preferred this formula to all the others, the non-donors did not indicate any increased inclination to contribute. Their reasons for not contributing were more closely related to lack of credibility or interest than to lack of financial incentives.

The donors and non-donors found model 3, matching grants, much less attractive, because it did not involve tax credits. It could even be said that it ran counter to their expectations, which were a more generous

Table 9.13
Government contribution to the funding of parties and candidates

	4-year cycle ending in 1988			4-year cycle ending in 1984		
	$000	%	%	$000	%	%
Reimbursements to parties	4 959	7.4	28.0	3 918	7.6	29.2
Reimbursements to candidates	13 735	20.6	—	11 171	21.6	—
Tax credits to businesses, 4 years	4 231	6.3	—	3 545	6.8	—
Tax credits to individuals, 4 years	43 733	65.6	71.9	33 003	64.0	70.8
Total	66 658	99.9	99.9	51 637	100.0	100.0

Sources: Canada, Elections Canada (1985, 1988); Stanbury (1990); and Revenue Canada for the 1988 tax credits.

tax credit for donors and greater openness about parties' and candidates' use of funds received from the public and the government. This model also aroused some apprehensions. The additional administrative costs might be high, and where would the government funds come from? From existing social programs, for example? Finally, people were concerned that the formula favoured large donors and gave them more political power, and that this would force the government to finance undesirable parties. With this formula, it would have to be expected that about half of the donors would decrease their contributions. That assertion was confirmed by the fund-raisers, who believed that the sums collected would be much lower if model 3 were adopted.

Participants thought that model 4, which combined matching grants and a tax credit, would only complicate the existing structure. This model would also fail to encourage most of the current donors to change their total contributions. Like model 3, this formula gave rise to some fears: that it would be too complex and expensive to administer, and that the government would be forced to finance undesirable parties. Finally, the fund-raiser participants did not like this model.

In sum, although most of the donor and non-donor participants approved of changing the existing tax credit formula to simplify it and raise the contribution limits for each level, it is difficult to predict whether their contributions would increase substantially with model 2, for example. An untested formula that could significantly change the behaviour of the current donors would involve increasing the limit of $100. In addition, it does not seem likely that a mere change in the tax credit system would stimulate non-donors to contribute; they expect more from the political system.

Impact of Different Systems

Each of the alternative models can be classified according to the net costs or gains it entails for individual donors, parties, candidates and the government (see table 9.14).

In terms of net gains, model 3 is the most advantageous for parties and candidates. It would, however, be the most costly for donors and the government (for contributions of less than $650).

The models can also be classified according to the size of individual contributions. The larger the individual's contribution (more than $100):

- the lower the net cost to the donor with model 2;
- the lower the net cost to the government with the current system; and
- the more favourable model 2 becomes in cost-benefit terms (net cost to the government compared with net gains for parties and candidates).

Table 9.14
Net costs and gains of each system, for a given contribution
(dollars)

	Model 1 (current)	Alternative models		
		Model 2	Model 3	Model 4
Individual gift: $100				
Tax credit	75	75	0	75
Government contribution*	0	0	100	0
Net cost to the government	75	75	100	75
Net cost to the donor	25	25	100	25
Net gain for the party/candidate	100	100	200	100
Individual gift: $750				
Tax credit	367	400	0	75
Government contribution*	0	0	650	325
Net cost to the government	367	400	650	400
Net cost to the donor	383	350	750	675
Net gain for the party/candidate	750	750	1 400	1 075
Individual gift: $1 250				
Tax credit	500	650	0	75
Government contribution*	0	0	650	575
Net cost to the government	500	650	650	650
Net cost to the donor	750	600	1 250	1 175
Net gain for the party/candidate	1 250	1 250	1 900	1 825

*Matching grant.

When an individual makes a small contribution ($100 or less), the current system, model 2 and model 4 are all equally advantageous for the donor – the net cost is identical. Similarly, the current system, model 2 and model 4 all result in the same net cost to the government. Finally, the cost-benefit ratios of the current system, model 2 and model 4 are the same.

Thus, model 2 seems the most advantageous to the donor and the government in terms of cost and cost-benefit ratio. Although it would produce greater gains for parties and candidates, model 3 is the least advantageous. Its cost is high for donors and the government, and its cost-benefit ratio is higher than that of the other models.

Both donor and non-donor participants preferred certain contribution formulas among the alternative models proposed, and these preferences could eventually lead to behavioural changes.

Although it is difficult to analyse clearly the economic impact of each model, because of the size of the sample and the type of survey, it is possible to identify certain behavioural constants. It therefore seems as if changing from the present system to model 2 would increase the amount contributed by current donors by an estimated average of 5 percent but would have no significant impact on the behaviour of non-donors or the tax credit claim rate.

Changing to model 3 would reduce by about 30 percent the amount contributed by the average current donor,[6] but would not influence the behaviour of non-donors.

Changing to model 4 would encourage current donors of large contributions to give slightly more. We estimate a 2 percent increase in their average contribution.

To compare the economic impact of the different models, we applied the behavioural assumptions to the average donor.[7] It should be recalled that these are rough estimates. The results, presented in table 9.15, indicate the following:

- The cost-benefit ratio of model 3, matching grants, is high; it would offer the highest net cost to the government, donors and society in general.
- The current system offers the most favourable net cost to the government and donors.
- Model 2, which calls for a higher average contribution, is inevitably more onerous for the government and donor. The increase in marginal net cost remains very low for the government, however. In terms of the cost-benefit ratio, this model offers the best performance (lowest ratio).

Table 9.15
Economic impact of the alternative systems on average individual contributions
(dollars)

		Economic impacts			
Models	Impacts on the behaviour of the average donor	Net cost to the government	Net cost to the donor	Net gain for the party/ candidate	Cost-benefit ratio*
Model 1 (current)	Average contribution, 1988: $118 Average tax credit claim rate, 1988: 59%	50	68	118	0.42
Model 2: modified tax credit	Average contribution up 5% ($118 to $124)	51	73	124	0.41
Model 3: matching grants	Average contribution down 30% ($118 to $83)	83	83	166	0.50
Model 4: matching grants and tax credits combined	Average contribution up 2% ($118 to $120)	54	76	130	0.42

*Net cost to the government/net gain for parties and candidates.

- Model 3 offers the highest net gain to parties and candidates, but it has a very high cost-benefit ratio.
- Model 4 produces results similar to those obtained with model 2.

Looking at individual behaviour, then, the current system and the changed tax credit model (model 2) would be the most profitable, except for gains for parties and candidates.

In terms of economic impact, then, whether or not individuals change their behaviour, it seems that contribution systems involving tax credits (either the current system or model 2) offer the most advantageous net cost to donors and the government and the best cost-benefit ratio. These results also confirm the participants' preference (outlined in the previous section) for a tax credit system with a modified scale.

Model 2 has certain advantages over the current system: the increased net cost to the government, which results from the reduced number of contribution levels and an increase in the average individual contribution, is still lower than the increase in net gain by parties and candidates. Model 2 thus produces a better cost-benefit ratio.

Table 9.16
Impact on the amount of public funding of raising the first tax credit level

	Government financial contribution in tax credits		
	Situation in 1988	Conservative scenario*	Optimistic scenario*
Basis for comparison: tax credits for individuals 1985–88 $43 733 000	Average contribution: $118 Tax credit claim rate: 59%	Average contribution: $123 Tax credit claim rate: 61%	Average contribution: $132 Tax credit claim rate: 65%
Raising the first contribution level from $100 to $125	3 760 000 (+ 8.6%)	7 128 000 (+ 16.3%)	14 782 000 (+ 33.8%)

*Subject to the following assumptions: tax credits to businesses remain constant at the 1988 level; number of donors remains constant at the 1988 level.

The participants' reaction to a tax credit model in which the first contribution level is higher than $100 would also have been interesting. Such a system would probably encourage larger or more regular contributions. To illustrate its impact, we established donor sensitivity coefficients for a rise in the first contribution level from $100 to $125. Table 9.16 presents two simplified scenarios of the change in donor behaviour, and their consequences for the government's contribution to political funding. The first, conservative scenario assumes that a low-level increase would encourage a small percentage of donors to increase their contributions; it would also raise the number of tax credit claims. It is assumed that these behavioural changes would lead to an increase in the average individual donation from $118 to $123 and in the average tax credit claim rate from 59 percent to 61 percent. A second, more optimistic scenario assumes that a larger proportion of donors would increase their contributions and claim the tax credit. The average individual donation would rise from $118 to $132, and the average tax credit claim rate would increase to 65 percent from 59 percent.

Therefore, from its 1985–88 contribution of $43 733 000, the government's financial commitment would increase by $7 million in the first scenario and almost $15 million in the second. For the year 1988 alone, these figures would be $2.8 million and $5.9 million respectively. In short, these results show that even a relatively small donor reaction to a change in the tax credit scale could be costly for the government.

SUMMARY AND CONCLUSION

A change in funding rules and control mechanisms could profoundly affect the management and financing of parties and election campaigns in several ways. First, government action has a direct impact on the finances of parties and candidates when it relates to contribution and expense limits or the expense reimbursement rate. The analysis of the restrictions on contribution sources and sizes presented in the second section of this study indicates a potentially heavy impact on party funding. A great deal of work might be required to make up for lost contributions from large donors and corporations. Recruiting more donors among voters does seem at least partly practicable.

If the intention is to raise the proportion of donations to parties and candidates from individuals, the motivation of current donors will have to be increased and new donors will have to be recruited. The analysis indicates that changing the tax credit scale could stimulate a greater number of contributions. The best motivation criteria would be a simplified system of contribution levels, tax credits that are easy to calculate and a first contribution level set at more than $100. However, it is difficult to predict whether these changes would produce significantly larger or more frequent contributions. Even a relatively slight donor reaction could, nevertheless, bring about a sizable increase from present levels in political funding costs for the government. If the aim is to attract more donors, then, we have to improve the tax credit scale and try various other measures such as increasing fund-raising efforts and information programs about the political and budgetary activities of parties and candidates.

With these results, we can question the value of an economic analysis of political funding. As we showed in the last two sections of this study, Canadian electors think that democracy is so important that it is beyond price. It can also be seen that voters base their contribution decisions on the hope of receiving both tangible and intangible benefits – returns on their financial investment and encouragement of certain values. The intangible benefits are so important that it is fair to assume that individual behaviour is governed not by economic decisions but by sociopolitical choices alone. In addition, the value of the individual investment varies greatly from one person to another, and any attempt to determine voters' economic behaviour would require in-depth analysis. It is also seen that the government's financial participation in the political process ($66 million for the 1985–88 cycle) is only a drop in the ocean of public spending. Applying the optimization rules of economic theory to the government's commitment to political funding might prove too great a task in relation to the size of the sums contributed.

The economic considerations discussed in this study are useful for assessing the impact of potential changes in various regulatory mechanisms. They also show the government how to make the best use of the funds it contributes to the political process. In the current economic context, the government cannot sidestep this concern, although it contributes relatively small sums to the political process. Economic analysis, then, seems more useful as a reference tool than as the main criterion for developing the funding system for political activities.

NOTES

This study was completed 5 July 1991.

1. Expenses for presidential campaigns include advance nomination, conventions and the general election (Citizens' Research Foundation, Los Angeles). The adjustment for inflation is based on CPI 1976 = 100; 1986 = 192.6; 1988 = 207.9.
2. This assumption stipulates that only the variable affected by any sort of change will be modified and that everything else will remain static. For example, in tables 9.8 and 9.9, we assume that the average individual contribution remains constant at the 1988 level (or 1984 level, depending on the scenario) and that the number of donors also remains constant. In other words, we assume that the abolition of certain contribution sources does not affect other donors' behaviour. Similar assumptions are used in the tables in the section analysing substitute tax credit systems.
3. Never having been canvassed was identified as a deterrent by the non-donors only during the written exercise (where this possibility was suggested to them) and not during the introductory statements.
4. The current tax credit system is described in the section entitled Description of Alternative Systems.
5. Half the fund-raisers thought that, with this formula, total contributions would be higher; the other half thought they would remain at current levels.
6. We estimate that people donating small- and medium-sized sums – the majority of individuals – would reduce their contributions by almost one-half, while people making large donations would increase them slightly.
7. In 1988, the average donor contributed $117.80 (rounded off to $118). The average tax credit claim rate was 59 percent.

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